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I. ORGANIZATIONAL MATTERS

1. The Administrator introduced the new Associate Administrator, Mr. Rafeeuddin Ahmed, immediately following the opening of the session on 6 October 1994. A number of representatives extended a warm welcome to him.

2. The Executive Board adopted the following agenda for its third regular session 1994, as contained in document DP/1994/L.5:

Item 1: Organizational matters

Item 2: Agency support costs

Item 3: Country programmes and related matters

Item 4: UNDP financial, budgetary and administrative matters

Item 5: UNFPA financial, budgetary and administrative matters

Item 6: Follow-up to the International Conference on Population and Development

Item 7: Matters relating to the programming cycles

Item 8: Office for Project Services

Item 9: United Nations technical cooperation activities

Item 10: Other matters (including the United Nations Sudano-Sahelian Office)

3. The Executive Board decided to consider the report on the United Nations Sudano-Sahelian Office although it had not been submitted to the Office of Conference and Support Services seven weeks before the start of the session, as prescribed in decision 94/24 of 16 June 1994.

4. The Executive Board decided to postpone consideration of UNFPA audit reports (DP/1994/54) to its first regular session 1995 and to consider the report on United Nations regular and extrabudgetary technical cooperation expenditures (DP/1994/40 and Add.1-2) at its third regular session 1995 since the item had been biennialized in accordance with paragraph 5 (n) of decision 92/2 of 14 February 1992.

5. The Executive Board agreed to the work plan contained in document DP/1994/L.5 with a few amendments introduced orally.

6. The Executive Board agreed to the following schedule of future sessions in New York in 1995, subject to the approval of the Committee on Conferences:

First regular session: Tuesday, 10 January to Friday, 13 January

Second regular session: (Following the third regular session, delegations requested that the dates agreed on for the second regular session (24-27 April 1995) be changed since they overlapped with a session of the Commission for Sustainable Development. The second regular session was therefore tentatively rescheduled to: Tuesday, 4 April to Friday, 7 April.)

Annual session: Monday, 5 June to Friday, 16 June

Third regular session: Monday, 28 August to Friday, 1 September

7. The Executive Board also agreed to the subjects to be discussed at its 1995 sessions as listed in the annex.

II. AGENCY SUPPORT COSTS

8. The Director of the Division for Resource Planning and Coordination introduced the report on agency support costs (DP/1994/23), which outlined the current and projected status of implementation of the arrangements for the fifth cycle. The introduction also highlighted two support cost proposals previously discussed at the annual session 1994, and deferred to the current session for decision. The first proposal related to flexibility in the assignment of underutilized TSS-2 resources to TSS-1; and the second to the establishment of a modest technical support facility for the smaller agencies through the redeployment of a portion of their underutilized earmarkings.

9. The report of the external independent evaluators on the arrangements was also presented (DP/1994/23, Add.1), which the Governing Council had requested under decision 91/32. While the evaluators indicated that there had been insufficient experience to draw firm conclusions about the arrangements, the report contained several noteworthy observations and recommendations on operational and programmatic matters. It was suggested that they could be addressed through existing consultative mechanisms with the agencies and in the task forces set up by UNDP with individual agencies on substantive programmatic collaboration.

10. Most delegations concurred that there had been too little experience with the arrangements thus far but found the interim evaluation useful. Several speakers suggested that a further evaluation might be required in two to three years. Many delegations commented favourably on the effective use made of TSS-1 and the increasing upstream focus of the agencies. However, they stressed the continued importance of TSS-2 services, particularly in support of the Administrator's accountability for nationally executed projects. Several speakers would have preferred a more in-depth analysis by the evaluation team of certain aspects of the facilities, for example difficulties in implementing TSS-2 and operational barriers to national execution and national implementation.

11. Many delegations supported the proposal for flexibility in the assignment of underutilized TSS-2 resources to TSS-1 but cautioned that it should not be taken as a precedent and should apply only to the remainder of the fifth cycle. Recognizing that that was not a lasting solution, a number of speakers called for intensified efforts to increase the use of TSS-2. There was general support for one delegation's comment that recipient governments should be more closely involved in the selection and formulation of TSS-1 activities.

12. One delegation specifically queried the resource transfer from TSS-2 to TSS-1 on his understanding that the current amount of TSS-2 ($56 million), although reduced to 70 per cent of the originally established level, was not in line with the estimated volume of activities under the new arrangements. Following bilateral consultations, the secretariat clarified that TSS-2 resources also ensured accountability for national execution and implementation under the old arrangements and thus could not be related only to approvals under the new arrangements. The secretariat also emphasized that the proposed transfer of TSS-2 resources to the TSS-1 facility would be handled flexibly in order to ensure the availability of sufficient TSS-2 resources at all times. Finally, it was pointed out that the provision of additional TSS-1 resources at that time was considered particularly useful in helping to bridge the hiatus to the next programming period.

13. At the request of a number of delegations, the secretariat provided a brief overview of the current sectoral support arrangements for the smaller agencies. Many delegations supported the creation of a technical support facility for the smaller agencies but agreed with the suggestion, supported in the evaluation report, that it would be simpler to redeploy the funds to enhance the existing sectoral support facility. The secretariat also

clarified for one delegation the application of the indicative planning figure (IPF) sub-line for nationally implemented projects in lieu of add-on provisions under the old arrangements.

14. The representative from the United Nations Industrial Development Organization (UNIDO), speaking on behalf of the large agencies, welcomed the evaluation report and its focus on the broader objectives intended through the establishment of the new arrangements. He indicated that the large agencies had already made efforts to refocus and restructure according to their changing roles within the tripartite partnership. They supported the proposal on TSS-1, pointing out that a larger TSS-1 role for the agencies, especially during preparations for the next programming period, should in turn generate higher utilization of TSS-2 services.

15. The representative from the International Maritime Organization (IMO), speaking on behalf of the smaller agencies, also welcomed the evaluation report and supported the proposals set out in paragraph 89 thereof. He reported that the small agencies had also undertaken a great deal of internal reorganization in an effort to enhance the support they could provide, especially in the regional and subregional contexts.

16. The Executive Board adopted the following decision:

94/26. Agency support costs

The Executive Board

1. Takes note of the report of the Administrator on agency support costs (DP/1994/23) and of the report of the independent evaluation of the support cost arrangements (DP/1994/23/Add.1);

2. Takes note of the status of the financial provisions;

3. Authorizes the Administrator to redeploy resources within the revised support cost earmarkings as indicated below, on the understanding that such transfers will apply only to the fifth programming cycle and that the governments concerned will be fully consulted on the use of these resources:

(a) Transfer of unutilized resources from TSS-2 to TSS-1, within the overall reduced earmarking of $120 million;

(b) Enhancement of the sectoral support facility by an amount of $5 million to finance technical support services to be provided by the smaller technical agencies through redeployment of unutilized resources remaining in line 3, annex I, of decision 91/32.

7 October 1994

III. COUNTRY PROGRAMMES AND RELATED MATTERS

A. First country programme for Cambodia

Programme period: October 1994 - December 1996;
IPF: $89,158,000

17. The first country programme for Cambodia (DP/CP/KHM/1) was introduced by the Assistant Administrator and Director, Regional Bureau for Asia and the Pacific, and by the Minister of Rehabilitation and Development of Cambodia, H.E. Mr. Keat Chhon.

18. Several delegations indicated their strong support for the programme and endorsed its strategies and objectives. It was noted that the programme would

provide appropriate bridging between the UNDP reconstruction phase and the development continuum in Cambodia. The areas identified in the country programme were of the highest priority - to the people and to the Government - in poverty alleviation, particularly in the rural areas, and capacity-building.

19. Some delegations observed that the programme should concentrate on fewer sectors. Moreover, the programme objectives should be structured in such a way as to make the maximum use of core funding resources and be less dependent on large amounts of cost-sharing contributions. One delegation noted that insufficient attention had been paid to gender-in-development issues in the country programme document. Other delegations mentioned the need to monitor closely the unstable security situation.

20. In response, UNDP assured the Executive Board that the matters raised by delegations would be taken into account in the implementation of the programme.

21. The Minister of Rehabilitation and Development of Cambodia expressed the appreciation of his Government for the remarks made by delegations.

22. The Executive Board approved the first country programme for Cambodia as presented.

B. Case-by-case approval of programmes and projects for Aruba, Barbados, British Virgin Islands, Netherlands Antilles, Suriname and Trinidad and Tobago (DP/1994/32)

23. In introducing document DP/1994/32, the Director of the Regional Bureau for Latin America and the Caribbean noted that the fourth cycle country programmes for Aruba, Barbados, the British Virgin Islands, Netherlands Antilles, Suriname and Trinidad and Tobago had been extended to the end of December 1993, and that, with the exception of Trinidad and Tobago, the countries were all net contributor countries in the fifth cycle. The reasons for the extensions were two-fold: (a) the attainment of net contributor country status coincided with the severely restrictive fiscal conditions prevailing in all the countries as a result of structural adjustment and reform programmes; (b) a much heavier burden was now placed on the strategic use of UNDP resources in view of the substantial declines in IPFs arising from the net contributor country status.

24. The Director informed the Executive Board that the new country programmes would be presented to the Executive Board in 1995.

25. The Executive Board granted authorization to the Administrator to provide assistance on a case-by-case basis, pending submission of country programmes, to Aruba, Barbados, the British Virgin Islands, Netherlands Antilles, Suriname and Trinidad and Tobago.

C. Field visits

Gaza and the West Bank, and Jordan

26. Ambassador Eduard Kudryavtsev (Russian Federation), the team leader, introduced the report of the field visit to Gaza and the West Bank, and Jordan (DP/1994/CRP.3). He expressed the team's appreciation to the UNDP and UNFPA staff at headquarters and in the field who had assisted with the organizational arrangements for the field visits. He noted that although the report had been prepared at the end of the field visit, in May, five months had passed before the Board was able to consider it. Such delays should be avoided in the future to ensure that the findings remained current.

27. He drew attention to the fact that since there had been no Palestinian authority until recently in the area, the team had experienced difficulty in determining whether UNDP and UNFPA activities responded to national priorities. Moreover, in the absence of representatives of specialized agencies in the area, the Office of the Special Representative of UNDP had acted almost alone, drawing on the collaboration of some local non-governmental organizations (NGOs) in formulating the programmes and in identifying projects. In doing so, the Office had demonstrated a high level of professionalism, dedication and competence, and had endeavoured to obtain appropriate technical advice. He went on to say that with the appointment of the Palestinian Authority, and the establishment of the Palestinian Economic Council for Development and Reconstruction (PECDAR), more balanced and focused programming should be expected in the foreseeable future.

28. Turning to the Jordan part of the report, Ambassador Kudryavtsev spoke of the successful use of the programme approach, which focused on four areas in the current country programme: human resource development; macro-economic management; natural resource management; and support to productive sectors.

29. He pointed out that optimum use of local expertise and other resources was being made in implementing both UNDP-and UNFPA-supported projects in the country. The team had noted the catalytic role that both UNDP and UNFPA were playing in attracting bilateral and other multilateral assistance to the country.

Philippines and Viet Nam

30. In introducing the report on the field visits to the Philippines and Viet Nam, the rapporteur of the team, Mr. Olivier Chave (Switzerland), thanked the UNDP and UNFPA officials involved in the arrangements for their assistance, both at headquarters and in the countries. He said that the visits had provided overall views and general conceptions but had not allowed in-depth analyses. As directed by the terms of reference, the team had concentrated on a number of selected issues and had not been able to do full justice to the efforts of UNDP and UNFPA in the countries.

31. He said that the Philippines and Viet Nam were at very different stages of development and that the team had been impressed with what they had seen in both countries. UNDP and UNFPA were doing their best to build upon and maximize their comparative advantages.

32. The role of UNDP in overall expertise and understanding of the countries was commendable.

33. In the Philippines, aid coordination was very important, and the central role played by the National Economic and Development Agency (NEDA) was very well backstopped by UNDP. Aid coordination, however, remained a long-haul proposition. The team was sensitive to understaffing in the UNDP and UNFPA offices, especially at a time when programme implementation and capacity and institution-building needed strengthening. The team was also impressed by the level of national execution and decentralization.

34. There was a large reservoir of educated personnel and numerous NGOs in the Philippines. Especially worthy of note was the search for innovative methods and mechanisms, including working through local government units and NGOs. He made special mention of the UNFPA success in building on the population policy of the new Government.

35. Concerning Viet Nam, he said UNDP was concentrating activities on three areas: institutional reform, environment and natural resources and social adjustment. UNDP was playing a key role in aid coordination through the State Planning Committee, whose capacity the Programme aimed to strengthen. A country strategy note for Viet Nam was being prepared. The relatively low

level of national execution was due to low national capacity. He said UNFPA was very active in Viet Nam, which had the third largest UNFPA programme. The team was impressed by the central leadership role of UNFPA in population activities in Viet Nam as well as by the Fund's capacity to help the country to mobilize additional financial resources.

Kenya and Zimbabwe

36. The report on the field visit to Kenya and Zimbabwe (DP/1994/CRP.9) was introduced by Ambassador Slavi Zh. Pashovski, (Bulgaria), who served as team leader. He observed that in both countries, which were undertaking programmes of structural adjustment, government officials had indicated that the scarcity of resources had posed greater problems than any conditionalities attached to external assistance. He noted especially the relevance and effectiveness of UNDP support to the private sector, which, although small in scale, was nevertheless proving to be instrumental in the transformation process. He referred to the successful role of UNDP in coordinating United Nations system support to the development efforts in both Kenya and Zimbabwe.

37. He also drew attention to the growing regional dimension in the workings of the UNDP Office in Nairobi, which appeared to be straining the capacity of its staff. A similar situation was also beginning to develop in the UNDP Office in Harare.

38. One of the comments stemming from the discussion of the report concerned the somewhat limited use of the TSS facilities in Zimbabwe, which, the Secretariat explained, would be improved through such measures as speedier disposal of requests currently awaiting headquarters clearance.

General issues relating to the field visits.

39. In the discussion, delegations raised some organizational issues, namely, the raison d'être of the field visits; the structure and composition of the teams; limitations on the number of times an individual could participate in the field visits; and the need for strengthening the donor participation in the visits and the streamlining of some preparatory arrangements, including the provision of detailed pre-mission information on local realities. It was agreed that those issues would be taken up in the informal consultations with the view to further refining the terms of reference for future field visits.

40. The Director of the Bureau for Resources and External Affairs (BREA) recalled that the terms of reference, number of participants and reporting requirements of the field visits were entirely in the hands of the Executive Board. He added that he would favour a revision of the terms of reference. Speaking about plans for future field visits, he proposed that six visits take place in 1995 and that each visit be limited to one country for a duration of 10 days with the exception of the first visit of 1995 which could still proceed under the present arrangements of 2 countries for 2 weeks with a team of up to ten members. He further suggested that the team be composed of no more than five to six members - one or two from developed countries and four from developing countries. In accordance with the current practice, the countries to be visited, and the timing of the visits, would be proposed to the Bureau of the Executive Board for approval.

Decision of the Executive Board

41. The Executive Board took note of the three reports of field visits to: Gaza and the West Bank, and Jordan; Philippines and Viet Nam; and Kenya and Zimbabwe and of the comments made thereon. The Board decided to discuss further the terms of reference of the field visits in informal consultations.

IV. UNDP FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

A. Annual review of the financial situation, 1993 (DP/1994/34 and Corr. 1 and Add.1-4)

42. The Assistant Administrator and Director, Bureau for Finance and Administration (BFA), introduced the item. He emphasized that UNDP had been able to maintain total programme expenditures at the same level as 1992 despite a reduced income of voluntary contributions. That had been possible thanks to the ongoing growth in cost-sharing. He referred to an expenditure plan for the Reserve for Field Accommodation that was being prepared for submission to the Executive Board in 1995. He also emphasized the commitment of UNDP to close down inactive trust funds. The Assistant Administrator also introduced the proposed changes to the UNDP Financial Regulations and Rules.

43. In response to concerns expressed by some delegations with regard to the use of the operational reserve to cover uneven cash flows, the Assistant Administrator explained that the particular situation in question had resulted from a combination of factors, in particular from a delay in receipt of contributions while the expenditure pattern remained steady. However, he also added that the use of the operational reserve had occurred for a short-term period only and had not caused any significant loss of income derived from interest earned on the reserve.

44. Several delegations expressed their concern regarding the overcommitments and overexpenditures above the authorized levels in the Reserve for Field Accommodation. The Assistant Administrator indicated that the Reserve was initially created for housing purposes. However, since 1989, it had increasingly been used to finance construction of common premises for the Joint Consultative Group on Policy (JCGP) and other partners. Those overexpenditures had resulted mainly from delays in receiving funds from partner agencies while construction was going on, unforseen cost overruns, and lower-than-anticipated rental income. The Assistant Administrator indicated that UNDP had been in close consultation with the Board of Auditors in devising corrective action. In response to the Board's recommendations, he noted UNDP was preparing a three-to-five year expenditure plan, including, inter alia, the disposal of housing assets.

45. Concerns regarding trust funds were addressed by the commitment of UNDP to continue its efforts to close down inactive trust funds, in accordance with the recommendations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in its report (DP/1994/36). The Assistant Administrator indicated that the proposed revisions of the Financial Regulations would also help in reducing the number of trust funds, in particular by collaborating with NGOs on a cost-sharing basis.

46. A number of delegations commented on the proposed revisions to the UNDP Financial Regulations and Rules. The Assistant Administrator indicated that the revisions reflected the need to rationalize the handling of funds, the recommendations of the Board of Auditors, changes in nomenclature, past Governing Council and Executive Board decisions, and to accommodate the new status of the Office for Project Services (OPS) as a separate and identifiable entity. Some delegations had questions concerning the rationale for maintaining the reference to UNDP itself being an executing agency at the time when OPS was about to be given status as a separate entity. In addressing that point, the Assistant Administrator provided his assurances that there was absolutely no intention on the part of UNDP to create a new operational executing arm to replace OPS. Rather, it was proposed that the provision be maintained in order not to affect the Administrator's full responsibility and accountability to the Board for all aspects of the implementation of the UNDP programme. That would be in line with the Administrator's obligation to ensure maximum effectiveness of programme assistance by the appropriate use of suitable service obtained from governmental and non-governmental institutions

and firms. He further stated that UNDP would be pleased to report on expenditure related to execution on its own behalf in the framework of the financial reports.

47. One delegation said that more time was required to study carefully the documentation on the proposed amendments. Another delegation indicated that it could agree to the proposed amendments only upon receipt of the advice of its own Government's Board of Auditors, and therefore more time was needed.

48. The Executive Board adopted the following decision:

94/28. Annual review of the financial situation, 1993

The Executive Board

1. Takes note with concern of the decreased level of contributions to the United Nations Development Programme, which has led to a significant reduction in the level of indicative planning figures;

2. Invites Governments to consider increasing their voluntary contributions to the United Nations Development Programme on a more predictable, continuous and assured basis;

3. Requests Governments to pay their voluntary contributions to the United Nations Development Programme as early in the year as possible or in regular instalments over the year;

4. Notes with satisfaction the substantial increase in the use of national execution in the delivery of the Programme;

5. Notes with concern the overcommitment and overexpenditure in the Reserve for Field Accommodation and requests that a three-year plan on the utilization of the Reserve be presented to the Board at its first regular session 1995;

6. Approves the changes to the Financial Regulations set out in document DP/1994/34/Add.4, which will take effect 1 January 1995 unless any Member of the Executive Board lodges an objection in writing with the Administrator before that date;

7. Takes note of the changes to the Financial Rules set out in document DP/1994/34/Add.4;

8. Requests the United Nations Development Programme to intensify its efforts to close down inactive trust funds;

9. Also requests that it be kept informed in the relevant financial reports on an annual basis of the number and value of projects and programmes which the United Nations Development Programme executes on its own behalf and which the United Nations Office for Project Services executes on behalf of the members of the United Nations system.

10 October 1994

B. Revised budget estimates for the biennium 1994-1995 (DP/1994/35 and Corr.1)

49. In introducing the item, the Assistant Administrator and Director, BFA, stated that UNDP continued to keep strict control of its administrative budget, thereby keeping as many resources as possible for programme purposes. With respect to the revised budget estimates for the biennium 1994-1995, a

further reduction of 2.6 per cent had been achieved through a combination of currency release and inflation adjustment. The Assistant Administrator reported on the success of the regional service centre pilot scheme in Asia, the field presence in the Baltic States and the Commonwealth of Independent States and on the pilot of the new contractual instrument "Appointment for Activities of Limited Duration (ALD)".

50. Many delegations expressed their appreciation for the clear and comprehensive document. One delegation proposed that UNDP work with other United Nations programmes and funds to harmonize the presentation of budgets and accounts with a view to obtaining greater comparability and transparency. UNICEF decision 1994/R.3/6 of 5 October 1994 was recalled, suggesting that a similar decision be adopted for UNDP. Following the endorsement by many delegations of that proposal, the Assistant Administrator welcomed an initiative to harmonize budget and accounts presentation. He indicated that UNDP had already achieved a considerable level of transparency in its budget and accounts presentation, which had been recognized by several delegations in previous Governing Council sessions. He also noted that the practicalities of specific mandates, focus and operational approaches of each United Nations entity would need to be taken into consideration.

51. Referring to the reduction of IPFs by another 5 per cent, one delegation asked why the core administrative budget had not been similarly reduced. The Assistant Administrator pointed out that the tight resource situation that had led to the reduction in programme funds in the fifth cycle had been taken into account, resulting in the implementation of two successive budget strategies: a $14 million reduction in the 1992-1993 biennial budget; and a $41 million reduction in the 1994-1995 biennial budget. Furthermore, he drew attention to the fact that the revised estimates under review did include a further reduction of 2.6 per cent.

52. Some delegations, noting the savings as a result of the devaluation of the CFA franc, requested UNDP to consider increasing the IPFs of the respective countries. In his response, the Assistant Administrator stated that there was no direct link between the administrative expenditure in a country and the IPF. Such savings, however, benefited UNDP general resources directly and thus, indirectly, the resources available for programming. He further noted that IPFs were set in United States dollars and therefore were not affected by currency fluctuations. As a result, the devaluation directly benefited the countries concerned in that the dollar equivalent of programme/project expenditure made in local currency (CFA franc) would be less, thus releasing funds for additional programming.

53. With respect to the regional service centre pilot scheme, delegations commended UNDP on the success of the pilot scheme and endorsed the expansion of the concept to Africa. One delegation inquired about the possibility of expanding the functions of regional service centres beyond audit and account examination, such as training of national officials with regard to national execution. The Assistant Administrator indicated that other functions that might be carried out in a more cost-effective manner by the regional service centre were under consideration. In response to questions by some delegations on the comments of ACABQ on the subject, he provided the clarifications requested.

54. Several delegations expressed appreciation for the fact that UNDP was establishing its field presence in South Africa, utilizing existing resources during the 1994-1995 biennium. One delegation noted that specific proposals with respect to the item would be provided in conjunction with the 1996-1997 biennial budget presentation.

55. Regarding the UNDP field presence in the Baltic States and the Commonwealth of Independent States, some delegations, while appreciating UNDP activities in the region, requested that the Administrator review the level of support at UNDP headquarters and the field with respect to those operations.

56. The Executive Board adopted the following decisions:

94/29. Revised budget estimates for the biennium 1994-95

The Executive Board

1. Approves, with respect to the revised budget estimates for the 1994-1995 biennium of the United Nations Development Programme and the funds administered by the United Nations Development Programme (DP/1994/35), a revised appropriation in the amount of $607,882,000 gross, to be allocated from the resources indicated in table B, to finance the revised 1994-1995 biennial budget and resolves that the income estimates in the amount of $36,700,000 shall be used to offset the gross appropriation, resulting in a net appropriation of $571,182,000;

2. Takes note of the Administrator's reports on (a) the regional service centre concept; (b) the United Nations Development Programme field presence in the Baltic States and the Commonwealth of Independent States; (c) the piloting of short-term, non-permanent contracts; and (d) United Nations Development Programme initiatives with regard to a field presence in South Africa;

3. Takes further note of the accounting treatment of the transitional costs relating to the implementation of the 1994-1995 budget strategy, as approved by the Governing Council in its decision 93/35 of 18 June 1993;

4. Recalls its decision 94/32 regarding the Office of Project Services, in particular, in this context, to those elements that relate to the OPS budget estimates and future arrangements concerning the presentation thereof.

10 October 1994

United Nations Development Programme revised budget estimates for the biennium 1994-1995 for administrative services, programme support and development activities and trust funds
(thousands of United States dollars)

	APPROVES:	TAKES NOTE OF:	
	Gross/net appropriations	Estimated extra-budgetary income	Total gross/net estimates
I. RESOURCES OF UNDP			
A. UNDP core activities a/			
Headquarters b/	148 903.3	24 705.4	173 608.7
Country Offices	231 098.6	37 488.6	268 587.2
Gross UNDP core activities	380 001.9	62 194.0	442 195.9
Estimated income	36 700.0	0.0	36 700.0
Net UNDP core activities	343 301.9	62 194.0	405 495.9
B. Programme support and development activities			
Programme development activities	25 914.7	0.0	25 914.7
Support to the operational activities of the United Nations	93 478.1	0.0	93 478.1
Project/programme implementation services			
DSS	6 225.0	0.0	6 225.0
OPS c/	31 126.2	37 100.0	68 226.2
IAPSO	5 925.9	2 865.8	8 791.7
UNV	31 241.0	406.2	31 647.2
National execution	3 140.0	0.0	3 140.0
Total project/programme implementation services	77 658.1	40 372.0	118 030.1
Programme support d/	2 300.0	0.0	2 300.0
Total programme support and development activities	199 350.9	40 372.0	239 722.9
C. Total resources of UNDP			
Gross resources	579 352.8	102 566.0	681 918.8
Estimated income	36 700.0	0.0	36 700.0
Net resources	542 652.8	102 566.0	645 218.8
II. RESOURCES OF TRUST FUNDS			
A. UNCDF	11 778.9	0.0	11 778.9
B. UNRFNRE and UNFSTD	2 357.0	313.8	2 670.8
C. UNSO	7 779.0	3 586.6	11 365.6
D. UNIFEM	6 614.3	466.1	7 080.4
Total	28 529.2	4 366.5	32 895.7
III. TOTAL UNDP APPROPRIATION			
Gross appropriation	607 882.0	106 932.5	714 814.5
Estimated income	36 700.0	0.0	36 700.0
Net UNDP appropriation	571 182.0	106 932.5	678 114.5

a/ The Administrator is permitted to redeploy between the country office and headquarters appropriation lines up to a maximum of 5 per cent.
b/ Headquarters extrabudgetary income represents income from external sources, exclusive of reimbursements to UNDP core from non-core units. The reimbursements are already included in the appropriation estimates of the non-core units.
c/ The approved appropriation is funded from UNDP general resources.
d/ Represents UNDP contribution to CGIAR and UNDP-UNSO/UNEP joint venture.

Source: Table B from document DP/1994/35 attached for ease of reference.

94/30. Harmonization of presentation of budgets and accounts

The Executive Board

Requests the Administrator of the United Nations Development Programme and the Executive Director of the United Nations Population Fund, in the context of General Assembly decision 47/449 of 22 December 1992, General Assembly resolution 48/216, part C, of 23 December 1993 and the observations made at the current session with regard to the format of budget and account presentations, to cooperate with other United Nations programmes and funds to work towards harmonizing their presentation of budgets and accounts with a view to achieving common definitions, particularly of administrative costs, and obtaining a higher degree of financial transparency and comparability, and to report thereon to the Executive Board at its third regular session in 1995.

10 October 1994

C. Audit reports (DP/1994/37 and Add.1)

57. The Assistant Administrator invited the Board to consider whether it wished to continue receiving the reports by external auditors of executing agencies as formal documents. In that regard, one delegation indicated that UNDP should report only on problem areas while another considered that it found the reports useful and would like to continue to receive them.

58. The Executive Board took note of the audit reports (DP/1994/37 and Add.1)

D. Status of management service agreements (DP/1994/56)

59. The Assistant Administrator indicated that the use of management service agreements (MSAs) had continued to grow. He further added that MSAs assisted recipient governments in making best use of donor resources for development efforts.

60. In response to one delegation's question on the concentration of MSAs in Latin America, UNDP explained that, given the small IPFs in the region, the MSA was a modality to increase resources through co-financing by international financial institutions, governments and UNDP. At the request of one delegation, UNDP would ensure that formats of existing reports on cost-sharing and MSAs would allow review by region.

61. The Executive Board took note of the report of the Administrator on the status of management service agreements (DP/1994/56).

V. UNFPA FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

62. For consideration of agenda item 5, the Executive Board had before it the annual financial review, 1993 (DP/1994/53). Complementary information on the delineation of administrative and programme support expenditures was also made available to the Board.

63. The Executive Director referred to the financial highlights of UNFPA for 1993. She commented that UNFPA total income in 1993 was $219.6 million, or 7.8 per cent less than that of 1992, largely the result of severe economic difficulties in a few donor countries that had resulted in lower-than-expected contributions. She reported that the resource situation for 1994 had improved, with estimated contributions amounting to $247 million, or 12.5 per cent more than in 1993.

64. She stated that total expenditures in 1993 were $203.5 million (compared to $193.5 million in 1992) or $16 million less than total income; programme expenditures in 1993 had also increased to $158.4 million (from $151 million in 1992). However, programme expenditures had fallen short of the 1993 target, resulting in $47.3 million of unspent resources at year-end. The Executive Director attributed the underexpenditure to the uncertainty surrounding the Fund's financial situation, in particular the possibly reduced funding levels from Governments experiencing economic difficulties, which had resulted in conservative resource planning and programme development; the suspension of activities supported by UNFPA in a number of countries because of civil and political unrest; unduly complicated programming procedures and policies that were too restrictive and not responsive to changing circumstances at the country level.

65. The Executive Director identified measures that the Fund had taken to help improve matters, including removing cumbersome programming procedures; planning at more realistic resource levels; taking steps to help ensure that project expenditure data from the field were processed more expeditiously, thereby allowing UNFPA to make important programming decisions more quickly; introducing new measures by which UNFPA field offices could more accurately project the year-end total expenditures, thus assisting senior management in making global projections on UNFPA programme dynamics; increasing efforts in institution-building and adjusting operational policies to the realities at the country level; and placing greater emphasis on such execution modalities as NGO channels.

66. Regarding UNFPA administrative and programme support services (APSS) budget, the Executive Director mentioned that in 1993, the Fund's net expenses for APSS-related matters amounted to $45.1 million, thus realizing gross savings of $10.4 million in addition to the $7 million previously reported to ACABQ and the Governing Council. She pointed out that the Fund's APSS budget contained both administrative support and programme support, including costs directly linked to the planning, development, implementation and evaluation of country and intercountry programmes. She also referred to the schedules made available to the Executive Board that showed that administrative expenditure in the 1992-1993 biennium amounted to only 30 per cent of the overall APSS expenditures.

Summary of the discussion

67. Many delegations thanked the Executive Director for her clear, concise and comprehensive statement and the useful information contained in the annual financial review document. Several delegations expressed appreciation for the comprehensiveness and transparency of the presentation of material in the document, and one suggested that, in future years, the annual financial review should contain projections of income and expenditures.

68. Several delegations referred to the APSS budget and commented on its size relative to the programme expenditure level of the Fund (table 2 of document DP/1994/53). One stated that, in historical terms, the ratio had increased over the past 10 years, from 12.7 per cent in 1983 to 22.2 per cent in 1993 (table 13 (b). He welcomed the savings realized in the current biennium and asked what steps could be taken to reduce the budget further, in particular as regarded the headquarters portion. Another welcomed the Fund's emphasis on office automation and asked if UNFPA had realized savings as a result.

69. Some delegations noted the lack of comparability of financial data between United Nations agencies and organizations, and mentioned that the UNICEF Executive Board had adopted decision 94/R.3/6 calling on UNICEF to harmonize its accounting treatment, format and financial definitions with those of other United Nations agencies. One delegation thus proposed that a similar decision be adopted for both UNDP and UNFPA.

70. Several delegations expressed concern over the level of underexpenditure in 1993 and requested information pertaining to the projected programme expenditure level for 1994. One delegation commented on the relative ease with which procurement services might be used to increase delivery.

71. Some delegations noted that the data appeared to indicate that government execution was decreasing as a proportion of total expenditures rather than increasing, as they would have hoped. They further observed that UNFPA execution had increased correspondingly. One delegation noted the high level of unspent advances to governments and NGOs and sought clarification on the matter.

72. Several delegations focused on related programming matters. One delegation asked if different programme areas had a different effect on expenditure rates, enquiring in particular whether it was easier to spend money on procurement activities than on more comprehensive programme activities. Another delegation sought clarification as to why expenditures in the Africa region had declined since 1991, even though the needs in that region continued to rise. A third delegation emphasized the importance of the country strategy note and close government-UNFPA collaboration in programme development and implementation, and stressed the need to improve monitoring of programme implementation.

Response of the Administration

73. The Executive Director welcomed the efforts of the Executive Board to harmonize financial definitions among United Nations agencies and organizations, noting that she was confident that UNFPA administrative costs would compare favourably with those of the other agencies. The Administration also pointed out that the ratio of APSS to total expenditure would have been lower (17 per cent) had UNFPA managed to deliver the programme it had initially planned. Furthermore, the budget presentation for the previous year had shown that the increase in office automation at UNFPA had had a positive impact on the efficiency and effectiveness of UNFPA staff, which had been able to carry out a much larger workload than otherwise would have been the case. Procurement activities, in particular, had experienced a dramatic increase in workload in the last few years without a commensurate increase in staff. Partly as a result of office automation, UNFPA had not had to request additional staff in its budget proposal despite a significant increase in anticipated programme activity. The Administration mentioned that the APSS budget for 1994 was expected to total net $50 million.

74. In response to comments concerning the historical trend in APSS costs, the Administration noted that the trend indicated in table 13 (b) was not what it appeared on the surface since the figures given for each year did not necessarily include the same components and thus were not strictly comparable

over the 10-year period. For example, as noted in footnote (d) to the table, in 1985 and prior years, all field office costs were included in programme expenditures. In 1986 and 1987, the salary costs of UNFPA international field office staff were included in the APSS budget for the first time, and all other costs of the UNFPA field offices were reported under programme expenditures. Beginning only in January 1988 were all field office costs included in the APSS budget.

75. Responding to questions regarding the 1993 underexpenditure, the Executive Director acknowledged that it was also a serious concern of UNFPA. She referred to the low staffing situation in UNFPA field offices as a contributory factor and explained that UNFPA was reluctant to request an increase in staff owing to the adverse effect it would have on the APSS budget. She also noted, however, that the Fund's reporting procedures had not been as efficient and timely as perhaps they should be, as most expenditure figures were currently reported in the second part of the year under consideration and final figures were not available until March or April of the following year. UNFPA was therefore investigating ways to get more timely information on expenditure data, including the use of more effective management information systems.

76. The Administration further mentioned that uncertainty over funding together with fluctuations in income throughout the year, had had a negative effect on UNFPA's ability to plan its programme properly. The Fund therefore had recently introduced a new financial monitoring mechanism designed to help with the management of project and programme delivery by requiring its Country Directors to report to headquarters every two months on their forecasts for year-end expenditures. Such information would enable UNFPA to shift funds from one country programme to another, provided the amounts involved did not exceed that which had been approved by the Governing Council or Executive Board. The Administration emphasized, however, that unless and until the resource situation was consistent and predictable, it would continue to be extremely difficult to ensure the smooth and timely implementation of the UNFPA programme.

77. The Executive Director emphasized that it was quite easy to spend money. The Fund's aim, however, was to spend it effectively and efficiently and in a way that ensured that the quality of its projects and programmes was maintained. She was pleased in that regard that UNFPA would be able to channel country programme funds to emergency relief operations such as those under way in Rwanda. She noted that discussions were being conducted with Médecins sans frontières, the International Red Cross and other NGOs on the best way to pursue UNFPA's goals in the area.

78. Concerning the question of unspent advances to Governments, the Administration pointed out that, as a result of an accounting problem, approximately $4 million of government-executed expenditures had been reported as unspent in 1993, thus increasing the size of the underexpenditure as well as the level of cash advances on hand with recipient Governments. UNFPA assured the Board that such an accounting problem would not occur in future, and noted that the Fund had taken steps to improve the management of advances to Governments and NGOs more generally in order to keep the level of advances to a minimum.

79. The Administration pointed out that if UNFPA used a definition of government execution similar to that used by UNDP (i.e., national execution), government-executed projects, taken together with UNFPA support to such projects, would total 38 per cent ($50.6 million) of all programme expenditures in 1993 (the corresponding figures for 1991 and 1992 were 26 per cent ($44.3 million) and 38 per cent ($49.3 million), respectively), and would not show a declining trend as one delegation had indicated.

80. In response to the question whether it was easier to spend money on procurement activities than on more comprehensive programme activities, the

Administration pointed out that increased procurement activity could improve programme delivery rates. It further explained, however, that procurement activities involved far more than the purchase of commodities. Indeed, the Fund had to ensure that the commodities purchased could be adequately distributed and effectively utilized. That was all the more difficult in the case of UNFPA procurement since the Fund usually worked through the Ministries of Health, which typically were understaffed and underfunded. The Fund therefore had to spend a great deal of staff time and money to help strengthen relevant government institutional structures.

81. In that context, the more general issue of understaffing in UNFPA field offices and how it related to programme implementation was raised. UNFPA field offices had to perform more or less the same functions as their UNDP and UNICEF counterparts yet they usually had much smaller staffs. This was compounded by the extremely demanding advocacy function they had to perform in addition to their functions related to programme formulation, implementation, coordination and monitoring. The Administration emphasized, therefore, that increased programme implementation implied an expanded UNFPA field presence.

82. In response to questions concerning the level of national execution as it related to programming as opposed to budget considerations, the Administration explained that since the establishment of UNFPA Country Support Teams (CSTs) in 1991 and 1992, project costs consisted primarily of four components: technical cooperation, which was provided by the CSTs; equipment and supplies; local costs (training, salaries, etc.) and training abroad. UNFPA procured equipment and supplies for countries at their request since it had the advantage of economies of scale in such procurement. Although the procurement was recorded as "UNFPA execution", the projects themselves were usually executed by the Government. In addition, UNFPA had recently adopted a more flexible approach concerning local costs and thus would be providing more funding for such costs in the future.

83. Concerning the issue of declining expenditures in Africa, the Administration noted that many countries in the region had experienced political unrest that had affected the implementation of their programmes. That raised the larger issue of resource use in countries experiencing political difficulties or those with low absorptive capacity. UNFPA was committed to providing assistance to the countries in the Africa region, in particular to the least developed countries there. But in many cases that would require building up national capacity, particularly of the Ministries of Health and of Education, to implement the programmes, which would further require long-term funding commitments, especially with respect to supporting operational costs on a sustained basis. In those cases where capacity-building was progressing at a slow pace, or in countries experiencing political unrest, the Fund might have to redirect resources earmarked for those countries to countries with higher absorptive capacities.

84. In response to the observation concerning close government-UNFPA collaboration, the Administration noted that it strongly supported the country strategy note approach and agreed that the note provided the most effective mechanism for developing, implementing, coordinating and monitoring programmes. Still, the Fund had taken steps to improve programme implementation and monitoring, intensifying training in financial management and in programme monitoring, and strengthening the capacity of its management information systems in the field. It had also been working closely with its partners in the JCGP to develop a common monitoring system, but that took time.

Executive board action

85. The Executive Board took note of the annual financial review, 1993, as contained in document DP/1994/53. (See also decision 94/30 on the harmonization of presentation of budgets and accounts, adopted under agenda item 4, which applies to both UNDP and UNFPA.)

VI. UNFPA: FOLLOW UP TO THE INTERNATIONAL CONFERENCE ON POPULATION AND DEVELOPMENT

86. In her oral presentation of agenda item 6, the Executive Director noted that the reactions to the outcome and achievements of the International Conference on Population and Development (ICPD) had been extremely positive. It was now necessary to ensure that the optimism that had emerged from the ICPD process and that had been reflected in the Programme of Action was turned into tangible benefits for people everywhere. An unprecedented range of groups and individuals had participated in the extensive preparatory process of the ICPD. That had been a key factor in the success of the ICPD and would have far-reaching consequences for the implementation of the Programme of Action.

87. The Executive Director noted that UNFPA had already initiated the process of implementing the Programme of Action. The Fund had written to all of its field offices to start immediately, together with national authorities, NGOs and United Nations partner organizations, to disseminate and publicize the outcomes of the ICPD, as called for in the Programme of Action. She had also asked UNFPA field offices to re-convene the national committees that had participated in ICPD process. UNFPA field offices reported that countries had started to develop implementation plans. She suggested that such plans should address various issues, including the review and revision of policies, the reallocation of resources and the definition of programme content and plans.

88. The Fund was also in the process of reviewing its policy guidelines and programmes in order to ensure that UNFPA policies and practices fully reflected and promoted the Programme of Action. That was particularly true in the area of family planning, where the Fund was preparing interim guidelines to accommodate the Programme's broader definition of reproductive health. A similar process was under way in the area of information, education and communication, in particular regarding the role of such activities in support of reproductive health, gender concerns and education of girls.

89. The Executive Director stressed that the non-governmental sector had had a profound impact on the ICPD process. NGOs had brought with them their experience and their commitment and had taken away with them a new role as full partners in the cause of population and development. In recognition of the important role NGOs were playing in many developing countries, UNFPA would be looking at practical ways of further expanding the involvement of NGOs in UNFPA-financed activities. She therefore proposed that a block allocation mechanism be instituted within UNFPA to fund innovative NGO activities directly in order to promote their participation.

90. The Executive Director said that she hoped it would be possible for the General Assembly at its current session to take some decisions on follow-up to and implementation of the Programme of Action, including the question of a separate Executive Board for UNFPA. In closing, she invited members of the Board to provide guidance to UNFPA on the directions UNFPA should take as it formulated its ICPD implementation plans, and noted that UNFPA would possibly submit a draft paper on the issue to the Executive Board at its first regular session 1995. UNFPA anticipated that the Board would require several sessions to discuss and reflect on a number of substantive issues involved in the process.

91. Several delegations took the opportunity of the Executive Director's oral report to thank her and the UNFPA staff for helping to make the ICPD an outstanding success. They welcomed the immediate and positive steps the Fund had taken in line with the Programme of Action. One delegation noted, however, that the success of the Programme of Action depended on the international community's ability to implement it. It also required the sustained efforts of Governments and NGOs. The same delegation emphasized the importance of enhanced coordination among United Nations agencies and organizations.

92. Several delegations welcomed the enhanced emphasis on NGOs and the vital role those organizations played in meeting the needs of people. One delegation asked, however, how UNFPA planned to involve NGOs and to make use of the commercial and private sectors. He further noted the need for a substantial increase in resources from all sources but stressed that UNFPA had to demonstrate that it could make effective use of such resources. He said a mechanism was needed to monitor UNFPA actions in this area.

93. A number of delegations identified areas requiring attention, including, inter alia, promoting the small family norm; improving family planning and reproductive health services; reducing maternal and infant mortality; ensuring gender equality; promoting the rights of adolescents and children; promoting collaboration among partners at all levels; emphasizing national-level action in programme implementation and providing requisite technical support to strengthen national capacity to do so; and strengthening linkages between national and international actions.

94. In response to comments and questions, the Executive Director noted that in February 1995 the Administrative Committee on Coordination (ACC) would discuss interagency coordination with regard to the ICPD Programme of Action. She said that an ACC interagency task force could possibly be re-instituted to help monitor the follow up on the Programme of Action. Moreover, the 1995 high-level segment of the ECOSOC on operational activities would be devoted to the ICPD and the Programme of Action, and the Development Assistance Committee (DAC) would meet on 29-30 November 1994 to discuss resource mobilization in the wake of the ICPD. She noted that UNFPA had been active in promoting South-South cooperation, notably in Bangladesh, Indonesia, Mexico, Thailand and Tunisia, and that many countries were interested in that type of collaboration. She further emphasized that meeting the needs of people had been shown to be the most effective way of achieving national demographic goals.

VII. MATTERS RELATING TO THE PROGRAMMING CYCLES

A. Possible options for a structure for the next programming period

95. The Director of the Bureau for Resources and External Affairs introduced the report (DP/1994/59), noting that at the current session the secretariat needed the guidance of the Executive Board on the broad range of possible options presented in the report in order to advance preparations for the establishment of the next programming period, scheduled to take place in June 1995. The item would also be reviewed at all the intervening sessions of the Board in order to achieve steady progress in arriving at consensus on the framework. He suggested that, based on the present discussions, the secretariat would summarize the aspects the Board would like to have covered for review at the first regular session 1995.

96. The report of the Administrator on his endeavour to find resources to enable restoration of indicative planning figures to the original levels (DP/1994/1) was also introduced.

97. More than 30 delegations commented on document DP/1994/59. They expressed their appreciation to the secretariat for a clear and thought-provoking report, which presented options that reflected the full range of discussions that had taken place in June 1994. One delegation pointed out that the report had not elaborated on the operational application of the sustainable human development goals and focus areas endorsed by Executive Board decision 94/14. A number of delegations reiterated that in that context national priorities should remain the underlying basis for all programming.

98. The discussion overwhelmingly confirmed that voluntary contributions to the core should remain the bedrock of UNDP programming. There was also considerable interest in ensuring that legislation for the next programming period explicitly take account of both core and non-core funding. Many speakers requested clarification of how the resource mobilization target (RMT) and target for resource assignments from core (TRAC) concepts would relate to national planning and country programming processes. A number of delegations were concerned about national planning and UNDP programming difficulties that could arise if targets were not established on a realistic basis.

99. A number of delegations supported the concept of a three-year rolling cycle for resource planning and management and several requested further clarification on how that might be meshed with longer-term national planning and country programming processes. In that connection, several delegations noted the need to take into account General Assembly resolution 48/162 of 20 December 1993 as it pertained to the harmonization of programming cycles among the funds and programmes. Several delegations requested an assessment of the possible impact of such a system on UNDP working modalities, noting that rolling cycles might involve additional workload for the secretariat and recipient countries. Several delegations were interested in an elaboration of the proposal on flexible assignment of country resources within a fixed regional allocation although others expressed caution about such an approach.

100. A few delegations requested an elaboration of the proposal regarding a limited system of assessed contributions to finance the costs of the UNDP country office network and the resident coordinator functions. Several delegations indicated they did not favour such a proposal. Some delegations stated that such a move should in any case be considered in the context of the ongoing discussions on financing mechanisms in the General Assembly.

101. Various delegations supported increases in the allocations for Special Programme Resources (SPR) as well as for global, interregional and regional programmes. Several speakers noted the need for programmes in the latter category to be made more complementary with country-level activities and one delegation noted the particular relevance of subregional programmes. Although some speakers felt it was premature to determine the magnitude of the allocations for the various programmes, the Executive Board agreed it would be useful to review specific proposals at its first regular session 1995.

102. With respect to distribution criteria for country-level assignment of core resources, there was general agreement that gross national product continued to be used as a primary criterion. There was also considerable interest in further exploration of population below the poverty line as a criterion in order to compare it with the criterion of total population. Many speakers encouraged further examination of the possible use of other indicators, including social indicators. The examination should include the application of a range of weights for the distribution criteria and their individual components. A few delegations expressed a preference for the features of the current distribution methodology. Several speakers also stressed the need to make the methodology as simple and transparent as possible, and a few pointed out the desirability of harmonizing the criteria used with those of other organizations e.g., the Organization for Economic Cooperation and Development (OECD).

103. The majority of speakers who expressed a preference favoured option 6 as set out in the annex to the document, with several delegations noting the merits of options 2, 3 and 4. To assess the alternatives, the Executive Board indicated it would need to review quantitative scenarios outlining the resultant distribution of resources by region and subregion as well as by category of countries (e.g., least developed countries and/or low-income countries). For the purpose of generating the scenarios, many delegations agreed that the secretariat could use the $1.25 billion resource base suggested in the document. However, several speakers questioned the realism

of the target given recent contribution levels and suggested that the scenarios might also be generated using a lower resource base.

104. A considerable number of speakers supported the possibility of increasing the current graduation thresholds, with some noting that such action would better preserve the principle of universality and encourage additional resource mobilization in the affected countries. One delegation noted that corresponding increases should apply to graduation thresholds pertaining to island developing countries. Another delegation proposed that actual thresholds be replaced by the eligibility criterion used in the Global Environment Facility. One delegation proposed that the current threshold for graduation be reduced, as a clear indication of support to the lowest-income countries, but reviewed in the context of overall graduation principles.

105. On the basis of the foregoing discussions, the secretariat crystallized those aspects of the subject it intended to cover in greater detail at the first regular session 1995. In the ensuing discussion, a number of delegations emphasized particular elements that the secretariat should include in its next submission and some speakers highlighted additional points that should be taken into account. The secretariat agreed to produce a document along those lines.

B. Programming matters: IPF level for Haiti

106. The Executive Board also reviewed a proposal jointly submitted by several delegations concerning the restoration of the IPF for Haiti to its original level. In discussing the matter, many delegations expressed sympathy for the situation in Haiti but noted that other countries had comparable humanitarian and rehabilitation needs and that the Board should be cautious about setting a precedent. Several speakers suggested that it might be more appropriate to deal with resource mobilization through a round-table or similar process.

107. On the basis of information provided by the secretariat on the current status of IPF programming in Haiti, and after further consultations among delegations, the Board adopted the following decision:

94/31. Matters relating to the programming cycle: Haiti

The Executive Board

Requests the Administrator to prepare for the first regular session in January 1995 an assessment of Haiti's development needs and activities in order to review the level of available fifth cycle resources for the years 1995-1996 under the assumption that in the meantime unspent resources can be used to support immediate needs of the country.

10 October 1994

VIII. OFFICE FOR PROJECT SERVICES

108. The Administrator introduced his report on the role and functions of the Management Coordination Committee (DP/1994/61) and reviewed the overall sequence of events regarding the status of OPS. He indicated that the present submission differed from previous ones in that it reflected a consensus view on OPS of the Office of the Secretary-General, the Department of Administration and Management, the Department for Development Support and Management Services, UNDP, and OPS; that it presented all elements ready to be

put in place as of 1 January 1995; and that staff representatives of UNDP and OPS had been involved in the discussions. He considered that the proposals put forth were workable and would preserve the self-financing principle of OPS. Noting that discussion of the OPS issue had for two years been diverting attention from the overriding concern for the quality of OPS service, resulting in a reduction in new business for OPS, the Administrator urged the Executive Board to give favourable consideration to the proposed arrangements.

109. The Executive Director introduced his report on ways of establishing the office as a separate and identifiable entity (DP/1994/62 and Add.1-3). He focused on the developments that had occurred between the submission of document DP/1994/62 and the third session, including Economic and Social Council decision 1994/284 and General Assembly resolution 48/501, the ACABQ report (DP/1994/57), and the opinion of the United Nations Legal Counsel that the proposed annex to UNDP Financial Regulations circulated on 6 October under cover of conference room paper DP/1994/CRP.11 conformed with the legal requirements of the United Nations, and met the requirements of Executive Board decision 94/12 and the proposals in document DP/1994/62 and Add.1-3. Highlighting the work that still needed to be done in order to establish UNOPS as of 1 January 1995, he requested that the Board give its go-ahead at the current session.

110. Delegations were in general agreement on the need to take a decision that would lead to UNOPS being established and operational by 1 January 1995. Several delegations stressed their concern to ensure that UNOPS, while being established as a separate and identifiable entity, would not be created as a new agency. Several also wished to clarify that UNOPS was expected not to undertake funding activities. Some delegations, while acknowledging that the complexity of the administrative arrangements was due in part to the equally complex nature of the compromise on which the proposals were based, wished further clarity on the roles and functions of the Management Coordination Committee (MCC) and the Users Advisory Group vis-à-vis the Executive Board. Some also wished the role of the Administrator, as Chairman of the MCC, to be further clarified, with one delegation considering that ultimate accountability for UNOPS should rest with the Administrator. Numerous delegations considered that they had been unable to review fully the changes to the proposed Financial Regulations that had been distributed at the session (DP/1994/CRP.11); whereas some were willing to grant provisional approval on condition that any amendments, if found necessary, would be made in 1995, others were unwilling to endorse them without further study. Several delegations raised questions about the establishment and level of the proposed Reserve, and about the need for more checks and balances in personnel issues. One delegation agreed with the principles on which UNOPS was to be established and opposed placing any new restrictions on its ability to provide services. Some questions were raised with regard to national execution with the Assistant Administrator, BFA, and the Executive Director reiterating the continued commitment of UNDP and OPS to national execution. Several delegations inquired about the relationship between UNOPS and the specialized agencies, and the membership of the Users Advisory Group. The Executive Director confirmed the intent of OPS to continue strengthening its partnerships with specialized agencies and expressed willingness to consider broadening participation in the Users Advisory Group.

111. Following informal consultations, a draft decision was presented to the Executive Board. One delegation urged that the OPS question be brought to a final resolution at the first regular session 1995 and suggested that consultations between the UNDP and OPS secretariats producing the next proposal and members of the Board might facilitate achievement of that resolution.

112. One representative noted that his delegation was willing to accept the decision on the understanding that in paragraph 9 the sense of "through the Management Coordination Committee" was in French "under the responsibility of the Management Coordination Committee".

113. The Executive Board adopted the following decision:

94/32. Office for Project Services

The Executive Board

1. Takes note of the report of the Executive Director of the Office for Project Services (DP/1994/62 and Add.1-3) while underlining that the United Nations Office for Project Services will undertake implementation and not funding activities;

2. Takes note of the Administrator's report (DP/1994/61) and endorses the establishment of the Management Coordination Committee referred to therein and the Users Advisory Group referred to in document DP/1994/62/Add.1;

3. Authorizes the Administrator and Executive Director to proceed further with the implementation of decision 94/12, to this end taking all steps necessary to establish a self-financing United Nations Office for Project Services that will become a separate and identifiable entity as of 1 January 1995;

4. Reaffirms that the United Nations Office for Project Services will operate within the United Nations development system and will not become a new agency and that the requirements regarding accountability must be consistent with the decision not to establish a new agency as contained in paragraph 3 of decision 94/12;

5. Takes note of the breakdown of the revised 1994-1995 budget estimates for the Office for Project Services, as contained in document DP/1994/62/Add.3, and recalls its decision 94/29 approving the 1994-1995 estimates for the United Nations Development Programme, including the Office for Project Services;

6. Approves that, in future, the Office for Project Services biennial budget estimates be presented separately from those of the United Nations Development Programme;

7. Decides that the relocation of posts to the field and the establishment of any posts shall be subject to the agreement of the Management Coordination Committee and the ex post facto approval of the Board, with the proviso that posts at the D-1 level and above must receive the advance approval of the Board;

8. Takes note of the proposed financial regulations of the United Nations Office for Project Services and decides to review them at its first regular session in 1995 and that, in the intervening period, the financial regulations of the United Nations Development Programme will continue to apply mutatis mutandis;

9. Requests the Executive Director to report annually on activities of the United Nations Office for Project Services to the Executive Board through the Management Coordination Committee;

10. Requests the Administrator and the Executive Director to submit a specific proposal for the consideration of the Executive Board at its first regular session in 1995, outlining the proposed scope and objectives for the United Nations Office for Project Services, as well as the roles and functions of the Management Coordination Committee and Users Advisory Group vis-à-vis the Executive Board.

10 October 1994

IX. UNITED NATIONS TECHNICAL COOPERATION ACTIVITIES

114. The Under-Secretary-General of the Department for Development Support and Management Services (DDSMS) introduced the annual report of the Secretary-General on United Nations technical cooperation activities carried out by the Secretariat and in particular by DDSMS (DP/1994/26 and Add. 1 and 2). He noted that the report provided an overview of the programmes and capacities of the Department, highlighting the responses to priorities identified by the Governing Council in its decision 93/30 of 18 June 1993, and in response to General Assembly resolution 47/199 of 22 December 1992. Accordingly, the report emphasized recent steps taken to sharpen the technical focus of DDSMS activities; increase the support to national capacity-building efforts; strengthen collaboration between DDSMS and the United Nations regional commissions, and with other entities of the Secretariat; and foster greater synergy between the Department and UNDP.

115. Delegations welcomed the positive indications of progress given in the report and the related information on mandates, programmes and activities. They encouraged DDSMS to continue along those lines. Comments were raised on the following issues.

116. Some delegations felt that the effort to project the central functions of the Department as pertaining to governance and public management put too sharp a focus on the range of responsibilities in which DDSMS was actually engaged, including, for example, a considerable programme in natural resources and energy. They preferred to consider DDSMS as the provider of multiple, though increasingly integrated services, as outlined in the annex to document DP/1994/26. Delegations asked for further clarification as to the mandate and intergovernmental supervision for the activities in governance and public management, inquired as to the means for augmenting the normative functions of the Department, and sought to distinguish the responsibilities of DDSMS from other Secretariat departments dealing with economic and social matters.

117. One delegation specifically welcomed the work of the Transition Economies Unit of the Department and urged that it become more active in additional countries.

118. On the subject of relationships with other entities, delegations favoured closer substantive linkages between UNDP and DDSMS. They also wished to ensure that the Department and OPS would collaborate and not duplicate each other.

119. One delegation inquired as to the rationale for review by the Executive Board of the technical cooperation work of DDSMS rather than by the Economic and Social Council, which led to considerable discussion of the history of intergovernmental supervision of those units of the Secretariat undertaking such activities, the types of functions best undertaken by the Executive Board, and the desirability that one or the other body give greater attention to and guidance for the relevant work of DDSMS.

120. With regard to intergovernmental guidance, the Associate Administrator noted that any modification of the current arrangements would likely be a matter for the General Assembly to decide, as a possible successor to the resolution it had adopted on the subject at the time of the establishment of UNDP (resolution 2029 (XX) of 22 November 1965).

121. Responding to questions, the Under-Secretary-General, DDSMS, remarked that the identity given to governance and public management in DDSMS functions was intended to be broad rather than exclusive. "Integrated development management" was an expression that perhaps more clearly represented the common thread within the mandates applicable to the various sectors within the Department's purview. Relevant guidance was obtained from each of the substantive bodies to which DDSMS reported, but most specifically from the

biennial Meetings of Experts on the United Nations Programme in Public Administration and Finance, which was a subsidiary body of the Economic and Social Council. As a general rule, the normative functions of DDSMS were identified in resolutions of the General Assembly, and in the relevant sections of the United Nations medium-term plan and programme budget. Their magnitude was largely dependent upon the allocations of regular budget resources. DDSMS and other Secretariat entities cooperated under a distribution of functions that focused priority upon matters of, for example, policy coordination, analysis, or operational activities.

122. With regard to relations with the regional commissions, the Under-Secretary-General noted the establishment of a Natural Resources and Energy Management Board, which he chaired, to use more effectively the expertise available at headquarters and in the commissions, and to engage in joint activities. Concerning OPS, he stated that he and the OPS Executive Director were taking steps to encourage collaboration, by which each could call upon the comparative advantages of the other. As for UNDP, efforts were under way to strengthen substantive linkages in several areas, including economic management, public management, the private sector, and the environment.

123. The Executive Board adopted the following decision:

94/27. United Nations technical cooperation activities

The Executive Board

1. Takes note of the report of the Secretary-General (DP/1994/26 and Add. 1-2);

2. Notes and encourages the steps being taken towards closer collaboration between the Department for Development Support and Management Services and the regional commissions, and other entities of the Secretariat, and between the Department and the United Nations Development Programme in relation to areas of common concern and, in this context, urges the Programme to consider greater utilization of the technical capacities of the Department.

10 October 1994

X. OTHER MATTERS

A. The United Nations Sudano-Sahelian Office

124. In introducing document DP/1994/58, the acting Deputy Director of the United Nations Sudano-Sahelian Office (UNSO) noted that, in light of Governing Council decision 93/33 and the adoption of the Convention on Desertification, UNDP had taken steps to strengthen its substantive support to desertification control activities. In particular, UNSO had been designated as the central entity within UNDP to spearhead work in desertification control and dryland degradation worldwide, with particular attention to Africa. With respect to financing work in desertification control, it was proposed in the report that the existing UNSO UNDP/UNEP Joint Venture become a special desertification and dryland management facility, jointly supported by UNDP and UNEP to catalyse the mobilization of voluntary contributions.

125. Several delegations expressed appreciation for the work of UNSO in the Sudano-Sahelian region and support for its role as the focal point within UNDP for combating desertification. They welcomed the integration of UNSO into BPPS, and the collaboration with other United Nations organizations, in particular UNEP. One delegation was pleased with the forceful role UNDP and UNSO had played in the negotiating process of the Convention on

Desertification and noted that the national action programme was a country-driven process and included the government, NGOs, affected populations and donors. From the latter, lead partners might be designated during the consultative process within each country. One delegation expressed interest in the support provided by UNSO being made available to other affected regions outside Africa.

126. One delegation observed that UNDP was well placed to host the Global Mechanism of the Convention on Desertification. Another delegation recalled that the focus of the Global Mechanism would be on promoting actions leading to the mobilization and channelling of funds.

127. The Executive Board decided to pursue the discussion on the item at its first regular session 1995.

B. Follow-up to decision 94/15 and new responsibilities assigned to the Administrator by the Secretary-General

128. The Administrator stated that he would inform the Executive Board regularly on follow-up to decision 94/15 on the Human Development Report. He referred to a memorandum he had sent to senior management on the issue, in which he stressed the need to re-emphasize and reinforce the separation between the Human Development Report and UNDP operations. The memorandum also outlined the steps to be taken to fulfil UNDP obligations vis-à-vis the Board and to clarify the status of the Report. A copy of the memorandum was distributed to the Board members for information and comment.

129. The Administrator also provided clarification on the new role assigned to him by the Secretary-General. He stressed that, as clearly stated by the Secretary-General, his role was to assist him by providing ideas, information and analysis, and facilitating his work in ensuring stronger coordination in the United Nations system in the social and economic area. The Administrator informed the Executive Board that to assist him in carrying out his new responsibilities, he had established a separate unit comprised of a small number of Professionals. He would seek help from other funds and programmes and agencies in providing support and staff to the new office. He underscored that he could succeed in his new assignment only with the help and support of the Board members and the cooperation of all concerned.

130. The Administrator added that in the framework of his new assignment, a revised version of the Agenda for development had been prepared on the basis of comments received from governments and inputs given by all programmes and agencies, including the Bretton Woods institutions. The new draft was now in the hands of the Secretary-General.

C. Conclusion of the session

131. The Executive Board concluded its work by adopting the following decision:

94/33. Overview of decisions adopted by the Executive Board at its third regular session 1994

The Executive Board

Recalls that during the third regular session 1994 it:

ITEM 1: ORGANIZATIONAL MATTERS

Approved the agenda and work plan for its third regular session 1994 with oral amendments (DP/1993/L.5);

Agreed to the following schedule of future sessions of the Executive Board in New York subject to the approval of the Committee on Conferences:

First regular session: 10-13 January 1995

Second regular session: (Following the third regular session, delegations requested that the dates agreed on for the second regular session (24-27 April 1995) should be changed since they overlapped with a session of the Commission for Sustainable Development. The second regular session was therefore tentatively rescheduled to 4-7 April 1995.)

Annual session: 5-16 June 1995

Third regular session: 28 August-1 September 1995

Agreed to the subjects to be discussed at the 1995 sessions as listed in the annex;

ITEM 2: AGENCY SUPPORT COSTS

Adopted decision 94/26 of 7 October 1994 on agency support costs;

ITEM 3: COUNTRY PROGRAMMES AND RELATED MATTERS

Authorized the Administrator to approve programmes and projects on a case-by-case basis for the following countries: Aruba, Barbados, British Virgin Islands, Netherlands Antilles, Suriname and Trinidad and Tobago (DP/1994/32);

Approved the first country programme for Cambodia (DP/CP/KHM/1);

Took note of the reports on field visits to Philippines and Viet Nam (DP/1994/CRP.2); West Bank and Gaza and Jordan (DP/1994/CRP.3); Kenya and Zimbabwe (DP/1994/CRP.9);

Decided to consider new arrangements for future field visits at its first regular session 1995;

ITEM 4: UNDP FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Adopted decision 94/28 of 10 October 1994 on annual review of the financial situation 1993 and took note of the report of the Administrator on this subject (DP/1994/34 and Corr.1 and Add. 1-4), the comments and observations made and the assurances provided by UNDP;

Adopted decision 94/29 of 10 October 1994 on revised budget estimates for the biennium 1994-1995;

Took note of the report of the Advisory Committee for Administrative and Budgetary Questions on the revised budget estimates for the biennium 1994-1995 (DP/1994/36);

Took note of the Administrator's note on audit reports (DP/1994/37 and Add.1);

Took note of the report of the Administrator on the status of Management Service Agreements (DP/1994/56);

Adopted decision 94/30 of 10 October 1994 on harmonization of presentation of budgets and accounts, concerning both UNDP and UNFPA;

ITEM 5: UNFPA FINANCIAL AND ADMINISTRATIVE MATTERS

Took note of the UNFPA annual financial review, 1993 (DP/1994/53) and the comments made thereon;

Adopted decision 94/30 of 10 October 1994 on harmonization of presentation of budgets and accounts, concerning both UNDP and UNFPA;

ITEM 6: FOLLOW-UP TO THE INTERNATIONAL CONFERENCE ON POPULATION AND DEVELOPMENT

Took note of the oral report of the Executive Director of the United Nations Population Fund on the follow-up to the International Conference on Population and Development;

ITEM 7: MATTERS RELATING TO THE PROGRAMMING CYCLES

Took note of the report of the Administrator on his endeavour to find resources to enable the restoration of indicative planning figures to the original levels (DP/1994/1)

Took note of the report of the Administrator on possible options for a structure for the next programming period (DP/1994/59);

Took note of the declaration "Main Principles and Guidelines for the Sixth Programming Cycle of the United Nations Development Programme", adopted in Santiago on 7 September 1994 by Argentina, Brazil, Chile, Paraguay and Uruguay (DP/1994/63);

Decided to consider again the question of a structure for the next programming period at its first regular session 1995;

Adopted decision 94/31 of 10 October 1994 entitled "Matters relating to the programming cycles: Haiti";

ITEM 8: OFFICE FOR PROJECT SERVICES

Adopted decision 94/32 of 10 October 1994 on the Office for Project Services;

Took note of the report of the Advisory Committee for Administrative and Budgetary Questions on the Office for Project Services (DP/1994/57);

ITEM 9: UNITED NATIONS TECHNICAL COOPERATION ACTIVITIES

Adopted decision 94/27 of 10 October 1994 on United Nations technical cooperation activities;

ITEM 10: OTHER MATTERS

Decided to resume the consideration of the report of the Administrator on the United Nations Sudano-Sahelian Office (DP/1994/58) at its first regular session 1995.

10 October 1994

Annex

UNDP/UNFPA EXECUTIVE BOARD:

ALLOCATION OF SUBJECTS FOR SESSIONS IN 1995

The following subjects are scheduled to be considered at the 1995 sessions:

First regular session (10-13 January 1995)

- Organizational matters (including election of Bureau and working methods)
- Matters relating to the programming cycles (94/17, paragraph 4)
- Haiti's development needs and activities (94/31)
- Country programmes (including new arrangements for field visits)
- United Nations Sudano-Sahelian Office (resumed consideration of DP/1994/58)
- Proposed revisions to UNDP Financial Regulations and Rules related to support cost arrangements
- Three-year plan for the utilization of the Reserve for Field Accommodation (94/28, paragraph 5)
- Audit reports: Follow-up to recommendations of the report of the Board of Auditors for the 1992-1993 biennium
- Proposal to relocate the headquarters of the United Nations Volunteers programme from Geneva to Bonn
- United Nations Office for Project Services (94/32, paragraphs 8 and 10)
- UNFPA: Interim report on the programme priorities and future directions of UNFPA in the light of the ICPD
- UNFPA: Audit reports (DP/1994/54)
- Programme of work for future sessions (including follow-up to and preparations for the Economic and Social Council

Second regular session
(tentatively rescheduled to 4-7 April 1995)

- Organizational matters
- Matters relating to the programming cycles (94/17, paragraph 4)
- Country programmes (including reports on field visits 1995)
- Mid-term reviews
- Evaluation
- Matters relating to the least developed countries
- Assistance to the Palestinian people

- HIV/AIDS National Professional Officers (94/6, paragraph 5)

- United Nations Development Fund for Women

- United Nations Capital Development Fund (93/32, paragraph 8)

- UNFPA country programmes and projects:

  Africa (Benin; Comoros; Mauritius; Mozambique)
  Arab States and Europe (Sudan; Turkey)
  Asia and the Pacific (Cambodia (project); Central Asian Republics; Indonesia)
  Latin America and the Caribbean (Costa Rica)

- Report on the implementation of UNFPA successor support cost arrangements

- Programme of work for future sessions (including follow-up to and preparations for the Economic and Social Council

Note

The biennial TCDC High-level Meeting is scheduled to be held from 30 May to 2 June 1995, immediately preceding the annual session.

Annual session (5-16 June 1995)

- Organizational matters

- Annual report of the Administrator

- Follow-up to General Assembly resolution 47/199 (94/23)

- Future of UNDP (94/14, paragraph 6)

- Matters relating to the programming cycles (94/17, paragraph 4)

- Human Development Report (94/15, paragraph 3)

- The role of UNDP in the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (94/13, paragraph 4)

- Technical cooperation among developing countries (92/2, paragraph 5 (e))

- United Nations Office for Project Services (94/32, paragraph 9)

- United Nations technical cooperation activities

- UNFPA: Report of the Executive Director for 1994 (including status of implementation of UNFPA Africa strategy, implementation of resolution 47/199, Global Initiative on Contraceptive Requirements, UNFPA assistance to Rwanda)

- UNFPA: Work plan and request for programme expenditure authority

- UNFPA: Status of financial implementation of country programmes and projects

- Report on programme priorities and future directions of UNFPA in light of the ICPD
- Report to the Economic and Social Council
- Programme of work for future sessions

Third regular session (28 August - 1 September 1995)

- Organizational matters
- Follow-up to the substantive session of the Economic and Social Council
- Country programmes (including reports on field visits 1995)
- Mid-term reviews
- Agency support costs (91/32)
- Annual review of the financial situation 1994
- Revised budget estimates for the 1994-1995 biennium
- Budget estimates for the 1996-1997 biennium
- Report of ACABQ on the budget estimates
- Audit reports: Summary of significant observations of the external auditors of the executing agencies on their 1993 accounts relating to funds allocated to them by UNDP
- Audited accounts and audit reports of the executing agencies as at 31/12/1993
- Harmonization of presentation of budgets and accounts (94/30)
- Procurement from developing countries
- United Nations system regular and extrabudgetary technical cooperation expenditures
- UNFPA annual financial review, 1994
- UNFPA biennial budget proposals for 1996-1997
- Programme of work for future sessions

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MATTERS RELATING TO THE PROGRAMMING CYCLES

Framework for the next programming period

Report of the Administrator

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I. INTRODUCTION

A. Legislative background

1. At its annual session 1994, the Executive Board reviewed document DP/1994/20, in which were set out the broad conceptual issues relating to a possible framework for the next programming period. It was recognized that further deliberations on this complex and critical subject would require a set of well-paced consultations, both formal and informal, over the period leading up to the establishment of the framework at the annual session 1995. Accordingly, for the third regular session 1994, the Administrator was requested to outline a possible structure for future deliberations and to provide additional documentation on options for the next programming period.

2. At the third regular session 1994, the Executive Board expressed its views on the range of options presented in document DP/1994/59. These discussions served to refine the scope of specific proposals that would need to be elaborated. These can be clustered under three main headings: (a) aggregate assignment of resources to the main purposes and programmes of the organization, including the possible application of alternate financing mechanisms, as well as the implications of flexibility in resource assignment; (b) elaboration of three-year planning cycle proposals and their relationship to national planning and country programming processes, including the establishment of resource mobilization targets; and (c) distribution methodologies based on alternate primary and supplementary criteria, weights and thresholds, presented as scenarios that show the quantitative impact by region, subregion and category of countries.

B. Purpose

3. As noted in document DP/1994/59, the framework for the next programming period would devolve primarily from the initiatives for change that the Administrator proposed in document DP/1994/39, and from Executive Board decision 94/14. Thus, the next programming framework may be viewed as the principal means by which the initiatives embodied in decision 94/14 can be achieved.

4. In this connection, it is evident that the elaboration of the more fundamental aspects of the programming framework described under (a) and (b) in paragraph 2 above would have to be addressed before the detailed resource distribution scenarios called for under (c) can be properly generated. These overall requirements will, therefore, be addressed in two parts. The present report for the first regular session 1995 focuses on the broad assignment of resources and on the elaboration of the three-year planning cycle and its relationship to the programming process. It is hoped that in the course of its consideration of the present document, the Executive Board will be able to arrive at some overall parameters for these fundamental aspects, which in turn would serve as the foundation for further development of the next programming framework. This will permit a second report to be prepared for the second regular session 1995 of the Board which will, inter alia, cover the generation of country-level resource distribution scenarios.

II. ELABORATION OF THE THREE-YEAR RESOURCE PLANNING CONCEPT AND ITS RELATIONSHIP TO NATIONAL PLANNING AND THE COUNTRY PROGRAMMING PROCESS

A. Background

5. In his report to the Executive Board at its third regular session 1994 (DP/1994/59), the Administrator included a proposal concerning a three-year rolling resource planning scheme. It was noted in that report that a shorter planning period would reduce the financial vulnerabilities inherent in the current five-year system, which relies on annual resource pledges, but makes multi-year programming commitments. Furthermore, as explained in the report, some 97 per cent of programming is presently captured in the budgets of the current year plus two future years. Thus, forward planning now extends basically to only three years, rather than the five years covered by the indicative planning figure (IPF) cycle. Thus, without any drastic change in existing practice, a move to a three-year planning period would be somewhat more realistic, and would provide for smoother adjustment of planned activities than in the present system.

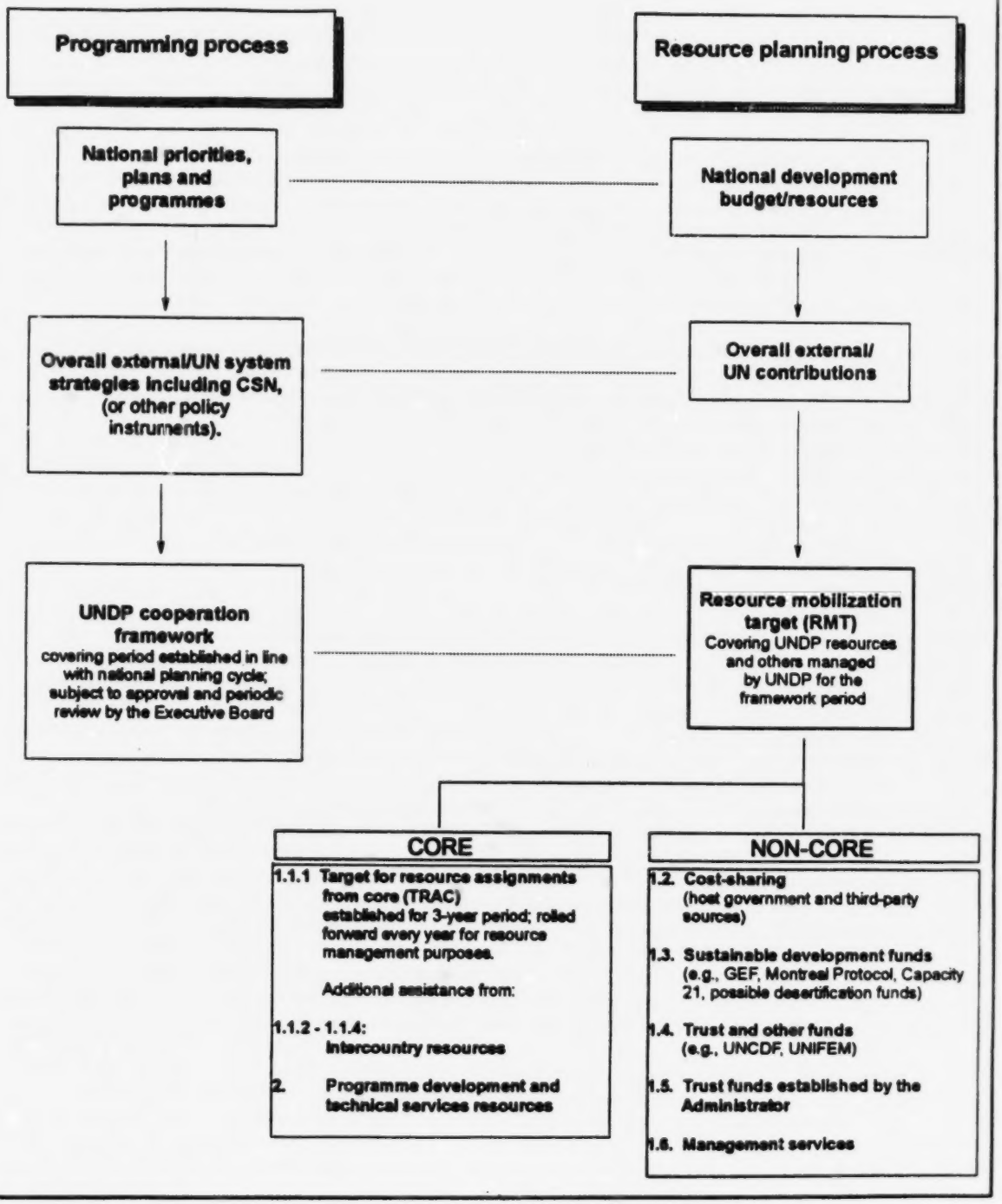
6. At the same time, as explained in document DP/1994/59, the introduction of a three-year planning period was also intended to make it possible for countries to make multi-year commitments, which they are not able to do under the five-year planning period of the current system. 1/ Thus, this proposal should also be viewed as a means for donors to provide increasing and assured support for the core programme of UNDP.

7. While there was considerable support for this proposal during the third regular session 1994 of the Executive Board, concern was expressed by some delegations about the impact such a resource planning scheme might have on programming processes as applied at the country level. The Administrator was requested to elaborate on these aspects in the current report.

B. Framework for UNDP cooperation at the country level

8. In responding to this request, it is useful to postulate a country programming process as it might evolve during the next programming cycle, particularly in view of recent developments such as the adoption of the programme approach, the introduction of the country strategy note (CSN) and increased efforts towards harmonization and coordination of activities among the funds and programmes of the United Nations.

Outline of programming and resource planning processes


Programming process
Resource planning process
National priorities, plans and programmes
National development budget/resources
Overall external/UN system strategies including CSN, (or other policy instruments).
Overall external/ UN contributions
UNDP cooperation framework
covering period established in line with national planning cycle; subject to approval and periodic review by the Executive Board
Resource mobilization target (RMT)
Covering UNDP resources and others managed by UNDP for the framework period
CORE
1.1.1 Target for resource assignments from core (TRAC) established for 3-year period; rolled forward every year for resource management purposes.
Additional assistance from:
1.1.2 - 1.1.4: Intercountry resources
2. Programme development and technical services resources
NON-CORE
1.2. Cost-sharing (host government and third-party sources)
1.3. Sustainable development funds (e.g., GEF, Montreal Protocol, Capacity 21, possible desertification funds)
1.4. Trust and other funds (e.g., UNCDF, UNIFEM)
1.5. Trust funds established by the Administrator
1.6. Management services

9. To facilitate this discussion the accompanying diagram elaborates the outline of programming and resource planning processes originally introduced in document DP/1994/59. The right side of the diagram sets out resource planning processes and their relation to the national planning and country-level programming processes shown on the left side of the diagram. This schema recognizes the need for a document that sets out the framework for UNDP cooperation with the country concerned. This document, which could be called a "UNDP cooperation framework" in contrast to the present UNDP country programme, would describe a framework that is strategic in nature, anchored in national priorities and plans, and would benefit from a CSN, where one exists or if not, from other policy instruments (e.g., the round-table or Consultative Group mechanisms). The duration and timing of this framework should be determined in line with national planning horizons and harmonized with those of other United Nations programmes and funds, as called for by General Assembly resolution 47/199. Thus, the duration of the framework could well be longer than three years, and would typically be four to six years.

10. As argued in other presentations, the UNDP cooperation framework would identify the key goals and entry points for UNDP support within the broader context of national programmes, and would typically and preferably assist in: policy and programme formulation; the mobilization of external resources for such programmes; and, as feasible, the financing of some downstream project or implementation activities geared to capacity-building. Thus, the framework would set out the strategic areas in which UNDP hopes to collaborate with the Government, consistent with the areas of focus approved by the Executive Board in its decision 94/14; the national development programmes UNDP intends to support; and a resource mobilization strategy to be pursued jointly with the Government. 2/

11. While the substantive content of the strategy document need not be circumscribed by a pre-determined resource envelope, the framework would not be complete without at least a notional financial plan to support the strategy. As indicated on the right side of the diagram, the UNDP cooperation framework would, therefore, include among its essential elements a resource mobilization target (RMT) as well as a resource mobilization strategy designed to achieve that target. As envisaged, the RMT would be achieved through a combination of UNDP-managed resources likely to be mobilized over the programming period, of which a target for resource assignment from the core (TRAC) would be a key part.

12. For those portions of the RMT coming from core resources, it is proposed that the TRAC in the next programming period be established for the three-year period 1997-1999. This three-year TRAC would be extrapolated, in simple terms, to cover the full number of years set out in the UNDP cooperation framework which, as stated before, could well be longer than three years. Other components of the RMT would also be projected to arrive at a notional resource target covering the full programming period specified.

13. After the UNDP cooperation framework (including both the target and the strategy for resource mobilization) has been appraised internally by UNDP, the document would be subject to approval by the Executive Board. Following this approval, implementation of the framework, including realization of resources from core and other sources, would be initiated. The Board would periodically

review the progress achieved, both in terms of the framework and the resource target. These reviews could take place at the mid-term of the framework period, or at other points in time more appropriate to individual country circumstances. This flexibility in the timing of approvals and reviews would not only be more responsive to changing country conditions but would also permit the Board to operate more effectively by smoothing out the cyclical workload fluctuations presently associated with country programme approvals and mid-term reviews.

C. A rolling three-year resource planning scheme and its workload implications

14. Whereas the process set out above would arrive at an overarching strategic framework for UNDP cooperation, the resource planning scheme should be seen as a mechanism for implementation. As explained in paragraphs 5-7 above, using a shorter three-year horizon permits greater reliability in projecting the volume of resources (identified under the RMT) that would be available during the immediate implementation period. While discussions at the third regular session 1994 recognized the advantages of this approach, the Executive Board also requested some additional information about the possible implications of such a system, including any impacts on workload. In response, a comparison between the operation of the current resource management system and the scheme that would apply under the rolling three-year proposal is provided below.

1. The current system

15. To begin with, it must be emphasized that currently, the period covered by the country programme and the five-year IPF programming cycle may well have different starting and ending years. When the country programme period extends beyond the current IPF cycle, the IPF resources available for the country programme are estimated by extrapolating the current IPF proportionately to cover the years beyond the IPF cycle. 3/ In this respect, the new system proposed would formalize existing practice by recognizing that the period covered by the framework for cooperation could differ from the resource planning period.

16. Secondly, under the current system, a dynamic, five-year rolling financial planning scheme has already been instituted internally to cope with the complexities associated with a system where contributions come in on an annual basis while project commitments are made for multiple years. This five-year financial planning framework (as distinguished from the static five-year IPF programme cycle) is updated annually, and rolled forward by a year, after information on actual contributions and expenditures becomes available. 4/ The workings of this financial planning system, including its advantages and disadvantages, have been described in the past, most recently in documents DP/1993/21 and DP/1994/20.

2. The proposed three-year rolling planning system

17. As explained in document DP/1994/59, the current proposal has two aspects: the reduction of the programming period from five years to three years and a change from a static to a rolling cycle. As explained earlier, a shorter duration planning period permits somewhat more realistic assumptions and up-to-date information on resource availability and programme delivery to be incorporated in financial projections. Furthermore, as some 97 per cent of programming is currently captured in budgets covering a period of three years, adjustments required in the pace of implementation of the framework for UNDP cooperation can be introduced more frequently and smoothly, without any significant sacrifice in the extent of forward programming.

18. As described in paragraphs 8-13, it is envisaged that the rolling planning cycle would function as follows. The initial three-year planning period would be from 1997 through 1999, and a three-year TRAC would be established for this period. At the end of the first year, the three-year period would roll forward to add one future year, in this case the year 2000, and drop the former first year, 1997. The pool of resources available for the additional year (2000) would be determined on the basis of up-to-date estimates of contributions and would be automatically assigned to countries in line with the criteria established by the Executive Board. Thus, the present proposal merely introduces into the formal programming cycle (i.e., the IPF cycle) a feature that has already been present in the internal financial planning system.

19. This change, however, brings two additional benefits. First, when the additional resources for the added year are distributed to countries in line with established criteria, the country indicators involved can be updated. Under the current system, IPF distribution is based on the status of indicators in a base year, and distribution is not updated to reflect changing country circumstances. 5/

20. Second, IPF levels (or TRACs) can be adjusted more frequently than under the present system. In the current system, IPFs are assigned for a fixed five-year period based on resource projections made at least a year and a half prior to the commencement of that cycle. Programme planning continues to take place on the basis of these original projections, until the mid-point of the cycle, some four years after the projections were made. The accumulated distortions in actual resource contributions and future resource projections that can take place over that four-year period are generally dealt with formally through a one-time, mid-term adjustment in IPF levels (such as the reduction to 70 per cent of the IPF in the fifth cycle in June 1994). Furthermore, to ensure continuous programming beyond the mid-point of the cycle, projections must be made for years that fall into the next programming cycle, as described in paragraph 15 above. The magnitude of these various adjustments, taking place as they do well into the programming period, can be disruptive to country office initiatives and national programmes that have been formulated on quite different resource expectations.

3. Workload implications

21. The current financial planning system already has in place management mechanisms that extend to the Bureaux and the country offices. These involve frequent revisions to the main financial parameters - indeed they form part of regular programme financial reviews with national Governments. Thus, the tools and mechanisms needed to roll the resource planning framework forward on an annual basis already exist, both centrally and at the country level. Certain refinements would have to be introduced to existing systems to adjust the planning horizon, incorporate recent information already available on pledges and contributions and their projections, and regenerate TRACs (and other elements of the RMT) for the additional year, as they roll forward annually. As stated earlier, it is hoped that the three-year time-frame (in lieu of a five-year cycle) would, in any case, make it easier for some countries to make pledges or indicate commitments for periods longer than one year.

22. It appears that most of the procedures required by a three-year system can be carried out with existing automation tools and staffing. Thus, aside from the procedural adjustments required for the transition to the new system, and the associated training, the introduction of a three-year rolling planning period is not likely to impose a substantial increase in workload.

23. Section III deals with the broad assignment of resources at the aggregate level. The potential RMT sources reflected in the diagram coincide with the main categories discussed under section III and shown in table II. This section also describes the various upstream mechanisms and tools that would support the overall programming process and that should hence be seen as essential elements of the total package of assistance available for national programmes. Accordingly, the proposals in sections II and III of the present report can be viewed as mutually supportive components of a holistic programming framework for the next period.

Table I. UNDP total resources: shares earmarked for various activities during the period of the fifth programming cycle (1992-1996)

		Footnotes	%
1.0	**Programmes/projects**		
	Core resources		
1.1	TRACS:		
	1.1.1 Country programmes		31.7
	1.1.2 Regional programmes		3.4
	1.1.3 Interregional programmes		0.6
	1.1.4 Global programmes		0.9
	1.1.5 Reserve for future TRAC distributions		0.3
	1.1.6 Special resources for TCDC activities	a/	0.1
	1.1.7 Special resources for humanitarian activities	b/	0.4
	1.1.8 Relief-to-development continuum	c/	0.4
	1.1.9 Resources for implementation	d/	4.4
	Non-core resources		
1.2	Cost-sharing	e/	21.0
1.3	Sustainable development funds	e/	5.6
1.4	Trust funds established by the governing bodies and other funds	e/	6.7
1.5	Trust funds established by the Administrator	e/	2.0
	1.5.1 Resources for implementation for 1.2 - 1.5		2.5
	Subtotal		**80.0**
2.0	**Programme development and technical services**		
	Programme development		
2.1	Initiatives in areas of focus	f/	0.9
2.2	Development and support of patterns of intervention	g/	0.3
2.3	Programme/project development and evaluation	h/	0.3
2.4	UNDP support for policy and programme development (PSDA)	i/	1.6
2.5	United Nations system support for policy and programme development (SPPD)	i/	0.7
	Technical services		
2.6	Sectoral support services from smaller, technical United Nations agencies	h/	0.2
2.7	Technical support services from larger United Nations agencies (TSS-2)	i/	0.7
	Subtotal		**4.7**
3.0	**Support to United Nations system and aid coordination**		
3.1	Office of United Nations system support and service		0.1
3.2	Programme support to the Resident Coordinator/aid coordination	m/	0.4
3.3	Support to United Nations operational activities	n/	2.5
	Subtotal		**3.0**
4.0	**Biennial budget**		
4.1	UNDP headquarters		5.0
4.2	UNDP country offices		7.3
	Subtotal		**12.3**
	TOTAL		**100.0**

For footnotes see page 14.

III. ASSIGNMENT OF RESOURCES AT THE AGGREGATE LEVEL

A. Background

24. The present section is intended to help the Executive Board to consider how the current assignment of resources at the aggregate level can be streamlined and rationalized in line with the broad purposes of the programme. As noted in documents DP/1994/20 and DP/1993/21, in allocating core resources for the next programming period, it would not be prudent to make simple extrapolations from the fifth cycle earmarkings. First, current cycle earmarkings resulted from a series of past negotiations, the premises of which may not be as relevant to present circumstances. Second, simple extrapolation may yield earmarkings that may be incompatible with the organization's main purposes and programmes at the present time. There are also a number of overlaps and anomalies in the allocation of resources among the various categories, which calls for some consolidation and rationalization. Furthermore, it is useful to insist that a revitalized case be made for each of the main programmes before they are retained or revised.

25. It is also necessary to ensure that the broad allocations for the next programming period reflect the full range of legislation governing the present programming environment of UNDP, including: Governing Council decision 90/34 on the programming priorities for the fifth cycle; Governing Council decisions 91/32 and 92/22 setting out the new support cost arrangements; the increasing emphasis on coordination underlined in the General Assembly's triennial reviews, culminating in resolutions 44/211 and 47/199; and, most recently, Executive Board decision 94/17 on initiatives for change for UNDP.

B. Proposed resource assignment categories

Rationale

26. In reviewing the substantive purposes of the various resource allocation categories for the next programming period, a fundamental objective is to achieve maximum impact on programmes at the country level. This can be accomplished not only through direct support to national programmes and projects but also through a support structure that provides an array of other mutually reinforcing elements critical to the realization of national priorities: complementary regional and interregional activities, programme development and technical services, as well as support to the United Nations system and aid coordination.

27. Another important and related objective is to strengthen Resident Coordinators in their efforts to support national programme activities. For this purpose, a range of operational tools and financial facilities should be placed at their disposal. Also, easy and ready access to resources maintained centrally (e.g., thematic funds, Special Programme Resources) should be provided to Resident Coordinators.

28. In the present section, therefore, a set of broad resource allocations are proposed for the next programming period that are consistent with the main

purposes of UNDP, the legislative directives referred to in paragraph 25 above, and with the evolving programming processes outlined in paragraphs 8-13.

29. For this purpose, it may be useful to classify four major programme purposes or categories: (a) programmes/projects; (b) programme development and technical services; (c) support to the United Nations system and coordination; and (d) the biennial budget. As background to this discussion, table I shows the relative shares of total resources (both core and non-core) that are earmarked for various activities in the fifth cycle. Although table I shows the percentage shares of the various activities, rather than the absolute amounts involved, the information is consistent with and derived from the report on the mid-term review of the fifth cycle submitted to the Executive Board at its annual session 1994 (table I in document DP/1994/18). For reference purposes, it may be noted these total resources are estimated to amount to $8.1 billion for the period covered by the fifth cycle (1992-1996).

30. Within this broader context, the guidance of the Executive Board is presently sought on the subject under immediate consideration: the earmarking of core resources for the various programme purposes. To facilitate this discussion, table II summarizes the relative share of core programme resources earmarked for the key programme categories and their respective subcategories. These proportions are based on existing earmarkings of total core programme resources for the fifth cycle, which amount to $4.1 billion.

31. It should be emphasized that the proportions shown in table II are "resource neutral" and not intended as recommendations for the future programming period. Rather, they are presented as a starting-point for discussions on possible realignment of these shares in the next programming period.

32. For instance, past negotiations have established the need for centrally held Special Programme Resources (SPR) to be set aside for various important programme purposes. SPR currently support the initiation and development of strategies and methods that address cross-cutting issues (e.g., the programme approach, aid coordination, participatory approaches, thematic activities). However, it has been observed that the profusion of SPR subcategories has made the resource unnecessarily difficult to access and manage. As reported to the Executive Board at recent sessions, various efforts have been made to make SPR more responsive to country-level needs. For the fifth cycle, the allocation of SPR amounted to 7 per cent of programmable resources (i.e., the sum of total IPFs and SPR).

33. In rethinking the SPR assignment, a major objective would be to recognize and re-emphasize the importance of the special initiatives being undertaken in line with the main purposes and goals of UNDP as endorsed in decision 94/14. Such initiatives would be undertaken to support country-level efforts, especially in those areas where UNDP has demonstrated its comparative advantage. At the same time, it may be necessary to consolidate and rationalize the various earmarkings to reflect clearer linkages with these main programme purposes. Thus, in the next programming period it would be desirable to assign an increased share of resources to the SPR to continue to support country-level initiatives in these priority areas.

Table II. UNDP core programme resources: shares by main programme categories

		Footnotes	%
1.0	**Programmes/projects**		
1.1	TRACS:		
1.1.1	Country programmes		63.0
1.1.2	Regional programmes		6.9
1.1.3	Interregional programmes		1.2
1.1.4	Global programmes		1.9
1.1.5	Reserve for future TRAC distributions		1.0
1.1.6	Special resources for TCDC activities	a/	0.2
1.1.7	Special resources for humanitarian activities	b/	0.8
1.1.8	Relief-to-development continuum	c/	0.8
1.1.9	Resources for implementation	d/	8.2
	Subtotal		**84.0**
2.0	**Programme development and technical services**		
	Programme development		
2.1	Initiatives in areas of focus	e/	1.9
2.2	Development and support of patterns of intervention	e/	0.6
2.3	Programme/project development and evaluation	h/	0.5
2.4	UNDP support for policy and programme development (PSDA)	i/	3.1
2.5	United Nations system support for policy and programme development (SPPD)	j/	1.7
	Technical services		
2.6	Sectoral support services from smaller, technical United Nations agencies	k/	0.6
2.7	Technical support services from larger United Nations agencies (TSS-2)	l/	1.6
	Subtotal		**10.0**
3.0	**Support to United Nations system and aid coordination**		
3.1	Office of United Nations system support and service		0.1
3.2	Programme support to the Resident Coordinator/aid coordination	m/	0.7
3.3	Support to United Nations operational activities	n/	5.2
	Subtotal		**6.0**
	TOTAL		**100.0**

For footnotes see page 14

Footnotes to tables I and II

a/ Currently funded from SPR subcategory line B4: Technical cooperation among developing countries (TCDC).

b/ Currently funded from SPR subcategory A: Disaster mitigation.

c/ Currently funded from SPR subcategory lines: C2: Special Plan of Economic Assistance to Central America; C3: Programme of Action for African Economic Recovery and Development; and F: Assistance to the Palestinian People.

d/ Currently established as an IPF sub-line. Reimbursement of Administrative and Operational Services (AOS) to implementing agencies, including United Nations agencies, for implementation of projects should be made from this earmarking. Unutilized resources from this line would become available for future programming (presently called IPF sub-line savings).

e/ Includes related non-core resources for programme development and technical services.

f/ Currently financed from SPR subcategory B: Thematic activities.

g/ Currently financed from SPR subcategory C: Special and new activities.

h/ Currently financed from SPR subcategory E: Programme development.

i/ Currently established as programme support and development activities (PSDA).

j/ Currently established as the TSS-1 component of the support cost arrangements.

k/ Presently established as a sectoral support facility financing technical services from the smaller technical agencies, as well as the UNIDO Country Director programme.

l/ Presently established as a technical support facility at the project level (TSS-2) for the five large agencies. TSS-2 is used to finance technical support services from the agencies at all stages of the project cycle, including project formulation and project monitoring and backstopping.

m/ Currently financed from SPR subcategory D: Aid coordination; no formal earmarking is presently made from the SPR for programmatic support to Resident Coordinator.

n/ Represents UNDP country office support to United Nations operational activities inclusive of the Resident Coordinator function as formally recognized at the level of 29 per cent of total UNDP country office costs in the presentation of the UNDP biennial budget estimates.

34. The remainder of the present section of the report reviews the rationale for the major categories and subcategories delineated in table II. In particular, these subsections highlight the areas where the Executive Board may wish to consider possible changes to the relative share of resources assigned, in line with current programming priorities and directives.

1. Programmes/projects

Country programmes (refer to 1.1.1 in table II)

35. As proposed in document DP/1994/59, and discussed in paragraphs 8-13 above, an important element in achieving the overall resource mobilization target would be the target for assignment of resources from the core (or TRAC), a term used to distinguish it from the IPF, which it would seek to replace. As shown in table II, country IPFs in the fifth cycle represent some 63 per cent of core programme resources. However, in reviewing the relative share of resources to be assigned to country-level programmes in the next programming period, it is suggested that the Executive Board also take into account the various other subcategories that directly support country-level activities.

Intercountry programmes (refer to 1.1.2-1.1.4 in table II)

General

36. As noted in previous reports on this subject, intercountry programmes (a term used to cover global, interregional and regional activities) play an important function in addressing issues that transcend national boundaries, yet are critical to the achievement of an individual country's priorities. Resources have generally been allocated to these programmes through governing body negotiations which set a fixed percentage of total resources for each, with suballocations made roughly in line with country IPF distribution for the regions. As noted in document DP/1994/20, the share of programmable resources (sum of total IPFs and SPR) allocated to intercountry activities went down from 19 per cent in the fourth cycle to 13 per cent in the fifth cycle. 6/ This reduced share of resources has left a number of important intercountry issues poorly addressed.

37. The case for intercountry activities in an interdependent world grows stronger everyday. Global problems can be dealt with only through multi-country cooperation - UNDP has a unique role to play in promoting and supporting such action, particularly as multilateral development banks are not mandated to do so. The case is particularly compelling in the context of sustainable human development, where cross-cutting concerns such as the environment, public health, food security, urbanization and education demand global and regional approaches. UNDP has demonstrated that, in cooperation with the regional economic commissions and the specialized agencies, it can effectively support collaborative regional efforts. Moreover, UNDP regional programmes have the potential to provide an effective framework for cooperation among neighbouring programme countries and foster collaborative problem solving among development practitioners. UNDP inputs are particularly valuable because bilateral assistance does not usually flow to intercountry activities; nor do national

budgets, except in special circumstances, provide resources for intercountry collaboration. Indeed, intercountry programmes have proven particularly effective in creating and strengthening regional and subregional institutions.

Regional and interregional programmes (refer to 1.1.2 and 1.1.3 in table II)

38. As pointed out in paragraph 28, support for regional allocations eroded in the fifth cycle, possibly because of a perceived lack of direct links between the priorities of national programmes and those of the regional programmes. Thus, the present challenge is to revitalize regional programmes by enhancing their country-level constituency. This could be achieved through greater national involvement in identifying complementary national and regional interests that support common national programme objectives and by re-emphasizing the collaboration among the countries involved. In this sense, these activities may well be viewed as an important dimension of "South-South" cooperation. Thus, these programmes could be designed to promote exchange and support among the involved countries complementary to TCDC activities already quite active in the regions. Programme decisions on the use of the assigned resources should be made by the countries themselves, in line with their joint priorities. Procedures could be established to reinforce this approach.

39. The above discussion on regional programmes also relates to interregional programmes, which have played an effective role in fostering cooperation among regions. The interregional programme provides advisory and other services in key sectors, usually through country-specific activities carried out within a broad policy and sector framework. As with the global programme and regional programmes, network approaches and TCDC are also actively pursued in the interregional programmes. Such modalities encourage the participation of the countries most affected by the particular problems being addressed. Most interregional programmes are undertaken as partnerships, co-sponsored by UNDP and other United Nations agencies, and supported by substantial cost-sharing contributions from donor countries. Both programme and contributor countries acknowledge the relevance and achievements of current interregional programmes active in such areas as water supply and sanitation, urban management, health, education, trade and training institutions.

40. In line with the above, it is suggested that the Executive Board give consideration to: (a) increasing the share of resources assigned to regional programmes, possibly restoring its fourth-cycle level and (b) maintaining the share of the interregional programme at its fifth-cycle level.

Global programmes (refer to 1.1.4 in table II)

41. The main objectives of the global programmes are to support research and to facilitate programme country access to it, including current work in science and technology, while enhancing country capacities to apply this research to critical development problems. Activities sponsored by the global programme emphasize programme-country perspectives on the role of science and technology while stimulating the formation of and participation in research networks, both North-South and South-South, not only to devise solutions but to implement them. The global programme focuses primarily on health and environmentally safe food production, given their vital importance for human development, and sponsors

activities ranging from laboratory research to field testing. The very nature of such research requires a longer-term perspective than many technical cooperation activities. In keeping with the importance of global programmes and their proven potential for innovation in the focus areas, the Administrator recommends that the share of their resources in the next programming period be kept at least at the level they received in the fifth cycle.

42. Finally, it is suggested that the resources allocated to intercountry programmes (regional, interregional and global) be more closely aligned to complement country-level efforts, and be mainly concentrated on the four areas of focus identified in decision 94/14.

2. Programme development and technical services

Programme development (refer to 2.1 to 2.5 in table II)

43. As mentioned in paragraph 26, UNDP currently provides specific support to the development of strategies and programmes through a variety of means: allocations from the SPR; the staff support provided through programme development and support activities (PSDA); and also through the TSS-1 programme, which is primarily used to provide upstream policy advice and programme development services. In the next programming period, these facilities should be sharpened for the effective support of UNDP programme development activities at the country level.

44. SPR currently consist of seven main categories, 7/ further divided into subcategories. The adoption of decision 94/17 by the Executive Board suggests the possibility of establishing earmarkings for the four focus areas, and the main patterns of intervention, permitting the development of products and approaches in each. Consideration may also be given to earmarking such resources by region while retaining a proportionate central allocation.

45. As previously reported in document DP/1994/23 on agency support cost arrangements, various technical support facilities have been created under the new support cost arrangements. In the future programming framework, these facilities should be reflected under the appropriate categories. TSS-1, in particular, has proven an extremely effective and valuable strategic tool for upstream policy advisory and programme development services. As such, it should not be categorized as simply a support cost facility, a point that has already been made, most recently in the independent evaluation of the arrangements (DP/1994/23/Add.1). Since TSS-1 can more properly be seen as a programme development tool, it is proposed that its allocation be moved to the programme development category and renamed United Nations system support for policy and programme development (SPPD).

Technical services (refer to 2.6 to 2.7 in table II)

46. Reimbursement to technical services at the project level is currently provided to the larger agencies under TSS-2, and in part to the smaller agencies under sectoral support. In the next programming period, such support at the project level could continue to come from the large specialized agencies under a

TSS-2 type of facility while support from the smaller agencies could be provided partly under the sectoral support earmarking. However, a portion of the technical services provided by the agencies under these facilities could well be considered as falling under the support for policy and programme development subcategory mentioned in the preceding paragraph. For present purposes, however, these separate purposes of the sectoral support and the TSS-2 facilities have not been delineated.

47. Previously, under the smaller agency sectoral support line, an earmarking was provided for the UNIDO Country Directors programme. The independent evaluation on support cost arrangements (DP/1994/23/Add.1) found continued UNDP financing of these posts to be "anomalous". Given the evolution of arrangements for country-level representation and coordination, the Executive Board may wish to consider whether it is appropriate to continue support from UNDP core resources for this purpose.

3. Support to United Nations system and aid coordination (refer to 3.1 to 3.3 in table II)

48. In document DP/1994/59, the Administrator suggested a possible scheme of assessments for the costs of UNDP support to the United Nations system currently covered by core resources, which presently takes the form of support provided to United Nations operational activities by the network of UNDP country offices. This is separately identified and appropriated after review by the relevant bodies. However, substantive programmatic support for these purposes is extremely limited, with the modest sum of $2 million currently allocated from the SPR. As described in document DP/1994/59, increased funding for this purpose would enhance the effectiveness of the coordination function.

49. At the third regular session 1994 of the Executive Board, some delegations expressed interest in a possible assessment scheme to cover these costs but requested additional information on the total costs that might be involved. For this purpose, category 3 in table II aggregates the various activities related to this overall function, showing that their separate allocations together amount to 6 per cent of core programme resources. This regrouping of existing resource allocations does not, however, address the limited level of programmatic support. Therefore, in reviewing allocations for this category, the Executive Board may wish to consider whether additional programmatic support should be made available.

C. Management of resources

50. Under the proposed system of earmarkings, an array of resources would become available at the regional level to support integrated programming of UNDP cooperation within each region. Thus, the Regional Bureaux would have at their disposal: intercountry TRACs as envisaged in paragraphs 36-42; SPR earmarked for regional initiatives in the areas of focus; additional resources for developing special products and patterns of intervention; funds for programme development and technical services, including United Nations system resources for policy and programme development (formerly TSS-1); as well as special

resources for aid coordination. In addition, several non-core resources may also become available at the regional level.

51. In this connection, it is relevant to recall the proposal made by the Administrator concerning fixed assignment of resources by region, with flexibility by country (DP/1994/59, section III.D.2). If such a proposal were to be accepted, it would present the Regional Bureaux with an opportunity to apply the full spectrum of resources mentioned while also taking into consideration the changing circumstances of countries within their regions. This would permit more timely responses to emerging critical situations and also ensure full programming of available resources while still respecting overall country-level resource distribution. Thus, in reviewing the overall allocation of resources by category, the Executive Board may also wish to consider some flexibility in their management at the regional level.

D. Summary

52. Table III shows the relative shares of the resources earmarked for the three major components identified in table II and applies them to two possible resource scenarios for the next programming period. The first scenario is based on voluntary contributions of $1 billion for the base year 1997, and estimated annual increases of 4 per cent for the other years of the programming period. The second scenario is based on voluntary contributions of $1.2 billion for 1997, as proposed by the Administrator in document DP/1994/59. As explained in that document, this figure, in real terms, represents the same level assumed for the base year of the fifth cycle. Comparison of the amounts shown under the columns entitled "annualized" earmarkings may provide a starting-point for discussion of the levels envisaged for the next programming period.

Table III. Assignment of UNDP core programme resources by main programme categories

(millions of dollars)

	Percentage shares per table I	Current earmarkings for fifth programming cycle		Possible earmarkings for 1997-1999 [a]		Possible earmarkings for 1997-1999 [b]	
		Total	Annualized	Total	Annualized	Total	Annualized
1.0 Programmes/projects	84%	3431	686	2176	725	2720	907
2.0 Programme development and technical services	10%	409	82	259	86	324	108
3.0 Support to United Nations system and aid coordination	6%	245	49	156	52	194	64
TOTAL	100%	4085	817	2591	863	3238	1079

[a] Assumes $1 billion in 1997 voluntary contributions and a 4 per cent increase thereafter in 1998 and 1999. Earmarkings for the biennial budget have not been included.

[b] Assumes $1.25 billion in 1997 voluntary contributions and a 4 per cent increase thereafter in 1998 and 1999. Earmarkings for the biennial budget have not been included.

IV. FUTURE DELIBERATIONS

53. It is hoped that discussions at the current session of the Executive Board will move the process of deliberations on the next programming framework along several steps by determining, at least in principle, the basic parameters of the future programming structure addressed in the present report - the programming process and its links to a three-year rolling resource planning scheme and the broad assignment of resources to the main purposes of the programme. Once these overall principles are established, it will be possible to generate more precise scenarios to be considered by the Board at its second regular session 1995.

54. It is expected that guidance provided at the second regular session 1995 will again advance the process and permit the secretariat to refine the framework further in preparation for a final decision on this matter at the annual session 1995. In the interim period, the secretariat will continue to organize informal consultations to facilitate full consideration of the issues involved, particularly the more technical aspects. Tackling this far-reaching and critical subject in this fashion is intended to help the Executive Board to establish the next programming framework in measured and logical stages.

V. EXECUTIVE BOARD ACTION

55. The Executive Board may wish to:

(a) Take note of the report of the Administrator on matters relating to the programming cycles (DP/1995/3);

(b) Approve a basic framework for the structure of the next programming period based on the proposed UNDP cooperation framework with a country and its relationship with the proposed three-year, rolling resource-planning scheme described in paragraphs 8-23 of the present report;

(c) Approve relative percentage shares of resource assignment for the three broad programme purposes shown in table II of the present document, namely: programmes/projects; programme development and technical services; support to the United Nations system and aid coordination. These percentage shares, together with the additional guidance provided by the Board on possible revisions to resource assignments in the next programming period shall serve as the basis for the Administrator to prepare his report for the second regular session 1995. That report shall, therefore, include: (i) more detailed resource assignments for individual subcategories and (ii) the elaboration of methodologies for distribution of resources to countries/programmes.

Notes

1/ In this connection, it is also relevant to take into account the discussions now under way in the General Assembly on funding modalities for operational activities for development. The report of the Secretary-General on the agenda for development (A/49/665) also deals with the subject of financing for development.

2/ This approach is consistent with ongoing efforts to transform the format and content of the country programme document in line with the programme approach and other legislative directives. The approach also presents additional opportunities to simplify programme and project documents and their appraisal and approval procedures.

3/ For example, if a country programme covers the five-year period 1994-1998 and the IPF cycle is 1992-1996, the resources for the country programme period are estimated by adding: (a) the resources available from the current IPF cycle for the years 1994-1996 and (b) two times the annualized IPF for the current cycle, representing a simple extrapolation of the current IPF levels to cover the two years (1997 to 1998) that lie outside the IPF cycle.

4/ This five-year planning period encompasses the previous year, the current year and three future years.

5/ Once the criteria for resource distribution are approved, the Executive Board can review and amend them on a periodic basis.

6/ Regional activities declined from 14 to 9 per cent; interregional and global activities from 5 to 4 per cent.

7/ These are: disaster mitigation, thematic activities, other special and/or new activities, aid coordination, programme development, assistance to Palestinian people, and contingencies.

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MATTERS RELATING TO THE PROGRAMMING CYCLE

Haiti's development needs and activities

Note by the Administrator

I. PURPOSE

1. The present document responds to Executive Board decision 94/31, in which the Board requested the Administrator to prepare an assessment of Haiti's development needs and activities in order to review the level of available fifth cycle resources for the years 1995-1996.

II. BACKGROUND

2. After the overall downward revision of the indicative planning figures (IPFs) decided upon earlier in the fifth programming cycle, the IPF for Haiti was $26,375,000. In addition, a carry-over of $6,310,000 from the fourth cycle was available. The political crisis that originated in 1991 limited the utilization of those funds to a total of actual expenditure of $3,028,000 for 1992 and $4,154,000 for 1993 and estimated expenditure of $4 million for 1994.

3. In 1993, at the request of the Constitutional Government, UNDP coordinated a joint mission of several donors. An Emergency Economic Recovery Programme (EERP) was prepared to address the priority needs of the country during the subsequent 12 months. The total amount of external resources required for this period was then estimated at $450 million, to finance external debt arrears, budget support, humanitarian assistance, economic and social rehabilitation programmes, and technical cooperation.

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III. TECHNICAL COOPERATION NEEDS FOR 1995-1996

4. The restoration of the Constitutional Government has created a promising domestic and international atmosphere for a strengthened technical cooperation programme. The urgency of such a programme derives from an economic and social situation that has sharply worsened, marked by economic stagnation and massive unemployment.

5. According to World Bank estimates, gross national product (GNP) fell by over 15 per cent during 1992-1993 and GNP per capita is estimated at well below $250, making Haiti by far the poorest country in the western hemisphere. Industrial job losses as of December 1993 were estimated at 70 per cent in the export-oriented sector and 40 per cent in industries for domestic markets. The fiscal deficit - which was 0.05 per cent of gross domestic product (GDP) in 1991 - was estimated at 5.4 per cent of GDP in 1993. In the same year, an estimated 50 per cent of the population had a calorie intake below 75 per cent of requirements and over 20 per cent of children suffered from some form of malnutrition. Low birth-weight births increased from 5 per cent in 1992 to 11 per cent in 1993 and the infant mortality rate is estimated to have exceeded 100 per 1,000 live births.

6. Under these circumstances, the country's needs for financial assistance and technical cooperation have increased substantially, mainly in connection with the deterioration of the fiscal situation and virtually all government functions, and with a significantly increased necessity for humanitarian aid. On the basis of a current updating of EERP, it is projected that total external assistance needs during 1995 and 1996 will not be less than $600 million per year, which will include increases for humanitarian aid, budget support and technical cooperation for development.

7. On the basis of EERP and information available on developments over the last 12 months, it is now estimated that the requirements from the donor community solely for high priority technical cooperation for the 1995-1996 period will amount to no less than $90 million.

8. Given the time that is required for Haiti to regain its credit standing for conventional loans, most of the required technical cooperation must be financed in the short term by grants. The updated 1995-1996 EERP technical cooperation programme will provide the framework for UNDP activities during this period. The projected sectoral composition and estimated costs of this programme, described in the annex to the present document, can be summarized as follows: national consensus ($14 million); reorganization of the public sector ($6 million); macroeconomic management ($9.5 million); privatization of public enterprises ($4 million); financial markets ($2 million); export promotion ($2 million); agriculture ($8 million); health ($8 million); education ($4 million); water supply and sanitation ($6.5 million); roads and ports ($8 million); electricity ($5 million); environment ($3.5 million); and the Central Implementation Unit ($12 million).

IV. ROLE OF UNDP

9. In considering a revision of the fifth cycle IPF for Haiti the Executive Board may wish to bear in mind the following institutional criteria.

A. The role of the United Nations within the donor community

10. Aware of the dramatic deterioration of the socio-economic conditions in Haiti during the last years, the international community is willing to assist the Constitutional Government in its reconstruction and reconciliation efforts. The current and expected presence of bilateral agencies as well as the international financial institutions provides an occasion to optimize international cooperation through the comparative advantages of the United Nations development system. In fact, the Resident Coordinator office, because of the continuous presence of the United Nations in Haiti, has become an important source of technical information and logistical support for bilateral and multilateral cooperation agencies.

11. The dialogue between the Constitutional Government and the major cooperation institutions has confirmed the need for clear coordination mechanisms in order to make the best use of international resources. In the context of this dialogue, UNDP has been requested to assist the Government in the coordination of the technical cooperation efforts of the international community. Such a task would imply a strengthened UNDP financial and logistic capacity to undertake or complement actions that reflect the Government's priorities.

B. The role of UNDP within the United Nations development system

12. Owing to the nature and urgency of actions to be taken, Haiti represents a special case for UNDP in the discharge of its assigned functions regarding the funding and coordination of United Nations operational activities for development.

13. Haiti's situation requires a wide range of multisectoral actions covering the continuum from emergency assistance to sustainable development. At the same time, those actions are to be implemented in accordance with recent operational guidelines of the General Assembly - notably the promotion of national execution, the programme approach, the strengthened role of the Resident Coordinator and support cost arrangements.

14. In this context, the technical support from the United Nations specialized agencies in the implementation of sector-specific programmes/projects will require adequate funding availability from the IPF for Haiti.

C. The role of UNDP in programme delivery

15. The Government has asked UNDP to deliver specific activities in a variety of sectors as contained in EERP. A number of them represent a continuation of UNDP activities in the past.

16. The precise composition of the UNDP programme for 1995-1996 will be fully defined in the light of current consultations with the Government and other donors. It is anticipated that the proposed assistance would be closely related to the reform of the public sector, employment generation, poverty alleviation and environment.

17. If financial availability is adequate, UNDP would be ready to strengthen the substantive and logistic capacity of its local office for programme delivery. At the same time, it is expected that the joint effort of the bilateral and multilateral agencies and a more stable political environment will increase the absorption capacity of the country.

V. EXECUTIVE BOARD ACTION

18. Given the technical cooperation needs and the institutional considerations described above, UNDP can play a strategic role in Haiti as a major contributor and as a catalytic agent for mobilizing other donors. For UNDP to perform these key functions effectively, the undisbursed amount of the current IPF for the fifth cycle is insufficient. The Executive Board may therefore wish to: consider on an exceptional and one-time basis the restoration of the fifth cycle indicative planning figure for Haiti, either to the original level established under decision 90/34, resulting in an increase of $11,303,000, or on a pro-rated level for the remaining two years of the fifth cycle (1995 and 1996), resulting in an increase of $4,521,000.

Annex

ESTIMATED TECHNICAL COOPERATION NEEDS

HAITI 1995-1996, BY SECTORAL SCOPE AND ESTIMATED COSTS

A. National Consensus ($14,000,000). The Constitutional Government has decided to undertake a redefinition of the role of the State, of the country's political institutions, and of the rules governing relations between civil society and the State. The Government has requested technical cooperation to prepare a policy framework for formulating and implementing such a redefinition. Assistance will be provided to reform those institutions and procedures whose proper performance is a prerequisite for achieving a sustainable national consensus. These include, inter alia, reform of the judiciary, strengthening of the legislative branch, strengthening of the Office of the President and the Prime Minister, an adequate institutional framework for a free press, and decentralization of State functions by building up viable local institutions. Activities related to the reform of the armed forces and police will be supported by bilateral sources.

B. Reorganization of the Public Sector ($6,000,000). Technical cooperation has been requested to help consolidate and streamline the public sector operations while making maximum use of available resources. Major targets include a revised organizational structure for a leaner, more efficient public sector; strengthening the personnel administrative function, including recruitment, training and a remuneration system based on qualifications and merit; and the development of management information systems.

C. Macroeconomic management ($9,500,000). To help improve the capacity of the Government for macroeconomic and financial management, technical cooperation will be provided to strengthen the quality and timeliness of core information systems. Assistance will also be directed at reinforcing tax administration, expenditure budgeting and control, monetary management, financial monitoring and overseeing public enterprises. Specifically, technical cooperation will include actions in the Ministry of Economy and Finance; the Ministry of Planning; the Bank of the Republic of Haiti (Central Bank); the Bureau of Statistics; and the functions of the Accountant General and the Auditor General.

D. Privatization of Public Enterprises and Regulatory Framework for Monopolies ($4,000,000). The Government has requested cooperation to undertake the privatization of public enterprises on the basis of sound technical criteria and adequate returns to the State from their sale. At the same time, a regulatory framework on monopolies is to be prepared.

E. Financial Markets ($2,000,000). Cooperation is requested to help mitigate the insolvency problems confronting the banking system and its grave consequences for small savers, and to strengthen overall sector operations, placing special emphasis on increased credit availabilities for peasant farmers and for the informal sector.

F. Export Promotion ($2,000,000). Technical support is needed to rekindle private sector initiative and rebuild exporting capabilities by assisting PROMINEX, the export promotion agency. A basic objective is to recapture export markets lost as a result of the political instability and the trade embargo. It will include the working out of preferential trade agreements.

G. Agriculture ($8,000,000). Bearing in mind that 70 per cent of the Haitian population is rural, assistance is critical to increase agricultural output and income by strengthening sector institutions, programme/project administration and policy-making capacity. Areas of concentration will be the reorganization of the Ministry of Agriculture and related organizations, and programmes for public works and farming practices that encourage increased output while protecting the environment. These include actions on rural productive infrastructure, financial and input services, and human resource development. Strategies will be developed with the expectation that, by becoming self-sufficient, peasant families will gradually reduce their dependence on food aid.

H. Health ($8,000,000). With almost its entire budget devoted to meet payroll, the Ministry of Public Health has been unable to provide adequate primary and secondary health care. To redress this problem, emphasis will be placed on revising its role, rationalizing its staff, decentralizing its organization, and building up its regulatory and supervisory functions. Programmes would also help to increase health care coverage, enhance preventive treatment and achieve efficient delivery in the near term. AIDS/HIV prevention would receive special attention.

I. Education ($4,000,000). Cooperation in required to help reorganize the Ministry of Education, strengthen its operations and improve the overall coverage and quality of education. Priority will be given to setting up an appropriate organization, curricula development, in-service training, instructional materials and school supplies, achievement testing and staff training. There will also be activities to design, organize and begin programmes on literacy, informal adult education, the training of women and youth-oriented vocational training.

J. Water Supply, Sanitation, Waste and Municipal Facilities ($6,500,000). The requested cooperation would address various structural inadequacies that prevent satisfactory service delivery: in water supply, sanitation and waste, the strengthening of sector institutions and the creation of an autonomous body for major works and sector supervision; in the case of municipalities, grass-roots institutional building, including working out basic urban upkeep. An added objective will be self-financing through the collection of property taxes and other municipal charges.

K. Roads and Ports ($8,000,000). Cooperation to help restructure the Ministry of Public Works, Transport and Telecommunications with the aim of reinforcing its operational capacity (with emphasis on decentralization), to update the 1977 Master Transport Plan; to establish a road maintenance fund; and to enhance the operational capacity of domestic contractors and departmental authorities. Also, technical cooperation will be provided to improve ports and maritime transport.

L. Electricity ($5,000,000). Support will be provided to overhaul the management and operations of the government-owned power company.

M. Environment ($3,500,000). To address the alarming environmental degradation occurring throughout Haiti, emphasis will be placed on productive activities that, while supporting rural incomes, are beneficial to the environment. This includes the most urgent actions in protection, reforestation, soil conservation, shifting domestic energy practices away from wood fuel, institutional strengthening, watershed management, husbandry of marine habitats and public-awareness campaigns.

N. Central Implementation Unit (CIU) and Sectorial Units ($12,000,000). Given the constraints that the Government is facing in terms of human resources and logistics during the initial period, teams of experts will assist it in the implementation of EERP activities financed by international grants and loans. By backing-up both overall coordination and sectoral units, assistance will be provided for programme/project selection, design, execution, monitoring, accounting and auditing, in order to ensure quick and transparent delivery.

ESTIMATED TOTAL COST: $92,500,000

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COUNTRY PROGRAMMES AND RELATED MATTERS

Terms of reference for UNDP/UNFPA Executive Board field visits

Note by the Executive Board secretariat

I. INTRODUCTION

1. At its third regular session in October 1994, the Executive Board decided to consider new arrangements for future field visits at its first regular session in 1995. In order to facilitate the Board's consideration of the arrangements, an overview of the new proposals is provided below. The annex to the present document contains draft revised terms of reference for future field visits for the consideration of the Board. For practical purposes, it is proposed that the first field visit in 1995 be arranged in accordance with the current practice.

II. OVERVIEW OF NEW ARRANGEMENTS FOR FUTURE FIELD VISITS

Number of visits

2. Up to six visits per year are proposed, each normally to one country, instead of the current three visits, each to two countries.

Length of visits

3. As a general rule, ten days in one country, instead of the current two weeks in two countries, are proposed.

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Number of participants

4. Five to six participants are proposed, instead of the current ten, on the understanding that appropriate donor/developing country representation will be maintained (i.e., one per regional group, one or two for the group of Western European and Other States).

Selection of countries to be visited

5. The current approval procedure by the Bureau of the Executive Board of countries to be visited is to be continued.

Selection of participants

6. The current practice of selection of participants is to be continued: i.e., by regional groups, through their respective representatives in the Bureau of the Executive Board. A new provision is to limit the participation of any one individual to not more than two field visits in a three-year period, thereby extending the facility of field exposure to as many Executive Board members as possible.

Level

7. It is proposed to reinforce the current arrangement of maintaining the low-profile, businesslike character of the field visits, keeping protocol events to a minimum.

Reports

8. In the spirit of Executive Board decision 94/4, it is proposed that reports shall normally be limited to three pages and shall not exceed eight pages. The value of the current practice of finalizing the report during the mission is emphasized.

III. EXECUTIVE BOARD ACTION

9. The Executive Board may wish to:

Adopt the revised terms of reference for field visits as contained in the annex to the present document.

Annex

DRAFT REVISED TERMS OF REFERENCE: FIELD VISITS (UNDP/UNFPA)

I. PURPOSE OF VISITS

1. The visits are to be working missions of the Executive Board with the ultimate objective of improving the quality of UNDP/UNFPA technical cooperation, the aim of the field visits is to provide direct field contacts and information for Executive Board members and to broaden their understanding of field activities. The team shall focus on programme issues of special relevance to the Executive Board's discussions. Issues to be considered may be, for example, in some of the following areas:

(a) Process of preparing the country programmes and mid-term reviews;
(b) National execution/national capacity-building;
(c) Programme approach;
(d) Relative strengths (comparative advantages), impact and sustainability;
(e) Evaluations and internalization by UNDP and UNFPA of lessons learned;
(f) Decentralization;
(g) United Nations system coordination;
(h) Relevance of Executive Board's work and decisions;
(i) Technical cooperation among developing countries;
(j) Global Environment Facility and Capacity 21;
(k) Other thematic issues, based on the needs and priorities of the countries visited.

2. The Resident Representative shall have the opportunity to suggest additional issues.

3. The team shall visit a representative sample of project/programme interventions. Visits to projects outside the capital are strongly encouraged. Among the projects visited in any one field visit, efforts will be made to ensure representative coverage of both UNDP and UNFPA projects. As far as possible, visits to projects of other funds administered by UNDP will also be undertaken.

II. MISSION CONTACTS

4. Within the focus established for the field visit, the mission shall meet with a selection of the following representatives:

(a) UNDP and UNFPA field staff at various levels, including a separate meeting with the administrative officer/office manager;
(b) Project directors and technical advisers;
(c) Representatives of United Nations specialized agencies and of international/regional finance institutions;
(d) Government ministries responsible for aid coordination, finance, development, and planning as well as relevant sectoral ministries;
(e) Other partners (bilateral aid agencies, non-governmental organizations, etc).

5. Sufficient time shall be allocated for these meetings in order to encourage a thorough dialogue. The clustering of meetings may be considered, if appropriate.

6. Some of these meetings may be held without UNDP/UNFPA officials present, according to the wishes of the team.

7. In order to concentrate on substantive issues, courtesy and protocol visits shall be kept to a minimum. The Secretariat will emphasize this aspect to the team members and the Resident Representatives concerned, in the preparations for the visits.

III. PARTICIPATION

8. The teams shall normally include five to six members. Participants will be expected to have a basic knowledge and experience of the Executive Board's work and be actively involved in the ongoing Board discussions.

9. Equitable regional representation and access to participation in the visits shall be encouraged by flexible rotation among the potential candidates interested in participating in the field visits. To provide the facility of field exposure to as many Executive Board members as possible, the participation of any individual representative will be limited to a maximum of two field visits within a three-year period. The Bureau of the Executive Board will undertake special efforts to ensure this.

10. One experienced UNDP/UNFPA headquarters staff member, may, as appropriate, accompany the team in order to provide general information helpful to the participants' general comprehension and to facilitate organizational and logistical aspects of the visits.

IV. SELECTION OF COUNTRIES, TIMING AND LENGTH OF VISITS

11. The countries to be visited and the timing shall be selected by UNDP in consultation with UNFPA with the prior agreement of the countries concerned, and be approved by the Bureau of the Executive Board. The dates of each visit will be announced with sufficient notice to the members of the Board through the members of the Bureau. The Bureau will select the team members sufficiently in advance to enable the team to establish initial contacts among themselves and decide upon the focus of their visit. Normally, the team will spend ten days in the country visited, including the time needed for the preparation of the report.

V. PREPARATIONS AND COMMUNICATIONS

12. Travel information (e.g., visa requirements and travel itinerary) shall be made available early to the participants by UNDP headquarters.

13. UNDP and UNFPA headquarters shall jointly provide to the participants readily available background information from various sources on the countries to be visited (e.g., Socio-economic Monetary and Resource Tables (S.M.A.R.T.) Profiles, statistical information, the synthesis of findings of past field

visits as contained in document DP/1993/66, etc.). A copy of these terms of reference will also be made available to team members.

14. A draft schedule of work shall be made available by UNDP to the participants at least two weeks before the beginning of the field visit. There shall be a balance between mission contacts and project visits.

15. Upon arrival of the team in the respective countries, the field office shall hand over further material, consisting of the confirmed country schedule for the visit, a country programme background paper (e.g., aide-mémoire), donor profiles, a detailed list of projects, and a brief issues paper. Rescheduling of the itinerary will be kept to a minimum and undertaken in full consultation with the team members.

VI. REPORTING

16. In order to share their findings and experiences in the Executive Board, the participants shall write a brief informal report, engaging only the members of the team. The report will aim at stimulating the discussions of the Executive Board, with a view to enhancing its contributions for increased effectiveness and efficiency by UNDP and UNFPA. The report will be discussed preferably at the regular session of the Executive Board immediately following the completion of the visit.

17. The reports shall focus on no more than four main issues, important to the team and serve to illustrate wider programme issues drawing upon the experiences gained from the field visit. Bearing in mind decision 94/4 on the format of reports, field visit reports shall not normally exceed three pages with a limit of eight pages in exceptional circumstances.

18. During the visits, appropriate time shall be allocated and organizational arrangements will be made for the joint preparation of the report. All efforts will be made to complete reports before the end of the visit.

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OFFICE FOR PROJECT SERVICES

Scope and objectives for the United Nations Office for Project Services and the role and functions of the Management Coordination Committee and the Users Advisory Group vis-à-vis the Executive Board

Report of the Administrator and of the Executive Director

I. PURPOSE

1. The present report is submitted to the Executive Board pursuant to paragraph 10 of its decision 94/32, which, inter alia, requested the Administrator and the Executive Director to submit a specific proposal outlining the proposed scope and objectives for the United Nations Office for Project Services (UNOPS) as well as to provide additional information on the role and functions of the Management Coordination Committee and Users Advisory Group vis-à-vis the Executive Board.

2. The report complements document DP/1994/62, which provides detailed information on ways of establishing UNOPS as a separate and identifiable entity, operating in partnership with UNDP and other operational entities, and under the overall policy guidance and supervision of the Executive Board.

3. The Executive Board is invited to consider the report in conjunction with the report of the Administrator and of the Executive Director on the financial regulations governing the operations of UNOPS (DP/1995/7).

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II. LEGISLATIVE BACKGROUND

4. The Executive Board, responding to proposals put forward by the Secretary-General in his report DP/1994/52, defined, in its decisions 94/12 and 94/32, its expectations with regard to the establishment of UNOPS. These decisions are consistent with, and make contemporary, previous legislative actions of the Governing Council, as summarized in paragraphs 5 through 8 below.

5. OPS was established by UNDP in 1973 as the Project Execution Division (PED), with responsibility for implementing all UNDP-executed projects including, inter alia, the following types: (i) interdisciplinary and multipurpose projects; (ii) projects which did not fall within the competence of any individual agency; and (iii) individual projects which required general management and direction rather than expert sectoral guidance. In 1975 the Project Execution Division was renamed the Office for Projects Execution (OPE), without any change in its objective and function.

6. In its decision 83/5, the Governing Council authorized UNDP to offer management and other support services to governments whose implementation was included in the scope of OPE. This management service modality was first applied to projects financed by international financial institutions, then to those funded by bilateral grants and by the interested governments themselves.

7. OPE activities were reviewed by the Joint Inspection Unit (JIU) in report A/39/80 of 1984. In his comments on that report (A/39/80/Add.1), the Secretary-General noted that the many types and varied nature of requests from developing countries for multilateral technical cooperation enjoin the United Nations system to make full use of its flexibility and diversity, mentioning OPE as such an instrument. In its decision 84/6, the Governing Council reaffirmed that "the Office for Projects Execution has been established with the full approval of the Governing Council in recognition of the need of the Administrator to have at his disposal an appropriate instrument for providing direct project services to Governments".

8. In its decision 88/11, the Governing Council took note of the Administrator's decision to rename the Office for Projects Execution as the Office for Project Services (OPS). The rationale for this change, explained in the Administrator's note DP/1988/INF.1, was that the previous designation did not adequately reflect the distinction between the management and service-oriented nature of OPE on the one hand, and the technical emphasis of project execution by the specialized agencies on the other. This theme appeared again the following year in the Administrator's report DP/1989/75: "It is the deliberate attempt to respond empirically to a great variety of development needs, at the different stages of project implementation, that has shaped the service-oriented character of much of the activities of OPS."

III. OBJECTIVE AND SCOPE OF UNOPS

9. The proposed objective of UNOPS, consistent with the tradition it inherits from PED, OPE, and OPS, is to provide high-quality, timely, and cost-effective

development services for the successful implementation of projects undertaken by United Nations Member States.

10. Within the context of this objective, the proposed scope of UNOPS continues to be derived from the constantly changing demands of its clients and from the service needs of the projects it supports. These clients and services, as foreseen at the establishment of UNOPS, are summarized in paragraphs 11 and 12.

11. The UNOPS clientele will include:

(a) Recipient Governments, as beneficiaries of international development cooperation;

(b) Funding sources, including, but not limited to: UNDP (and the funds that it administers or for which it acts as trustee), the United Nations International Drug Control Programme (UNDCP) and the International Fund for Agricultural Development (IFAD); and, acting through an organization of the United Nations system, international financial institutions, recipient Governments, donor Governments, or non-governmental organizations (NGOs).

12. UNOPS services will include:

(a) Comprehensive project management, including contracting for technical expertise and backstopping;

(b) Implementation of components of projects under execution by other organizations of the United Nations system or by national institutions;

(c) Project supervision and loan administration on behalf of international financial institutions; and

(d) Management services for multilateral, bilateral, and beneficiary-financed projects.

13. UNOPS anticipates that both the programmatic content and implementation modalities of development projects will continue to change over time, and that, accordingly, adjustments in the type of services provided by UNOPS will be required. In implementing such adjustments, UNOPS shall be guided by policies set by the Executive Board, by the direction of the Management Coordination Committee (MCC), and by the advice of the Users Advisory Group.

IV. ROLE AND FUNCTIONS OF THE MANAGEMENT COORDINATION COMMITTEE VIS-A-VIS THE EXECUTIVE BOARD

14. The Executive Board, as the governing body for UNOPS, shall determine overall policy regarding UNOPS activities and provide overall supervision of UNOPS. The Board shall make decisions, as required, with respect to the following issues: (a) the scope and nature of UNOPS activities; (b) functions and purpose of UNOPS within the framework of the United Nations system; (c) objectives to be pursued by UNOPS; and (d) the scope and nature of the relationship between UNOPS and other entities within and outside the United

Nations system, taking into consideration their respective comparative advantages. The Executive Board shall, inter alia, approve the UNOPS annual programme and budget proposal as well as the financial regulations applicable to UNOPS and any subsequent proposed amendments thereof.

15. The Management Coordination Committee shall be established pursuant to the report of the Secretary-General to the Executive Board of 6 June 1994 (DP/1994/52) and to Executive Board decision 94/32. As specified in the Administrator's report DP/1994/61, the Committee shall provide operational guidance and management direction to UNOPS, i.e., it shall guide UNOPS management in selecting the most cost-effective, efficient and appropriate means to implement and comply with policies and directives set by the Executive Board. An overriding concern of the Committee shall be to ensure maximum responsiveness to users and recipients of UNOPS services as well as maximum effectiveness in the provision of the services provided to recipient countries. The functions of the Committee, as listed in paragraph 5 of document DP/1994/61, shall include the review of the UNOPS annual programme and budget. The Committee shall authorize the submission thereof, by the Executive Director, to the Executive Board.

16. In the views of the Administrator and the Executive Director, the functioning of the Management Coordination Committee as well as the scope and nature of its work shall evolve over time and shall be subject to further refinements, based on experiences gained.

17. The Administrator and the OPS Executive Director are confident that the Management Coordination Committee shall provide for an oversight mechanism that will enable the Executive Board to evaluate the performance, responsiveness and effectiveness of the new United Nations Office for Project Services. Accordingly, in his periodic reports to the Executive Board, the Executive Director of UNOPS shall include any matters which the Committee shall deem to be of interest to the Executive Board.

V. ROLE AND FUNCTIONS OF THE USERS ADVISORY GROUP VIS-A-VIS THE EXECUTIVE BOARD

18. According to the Executive Director's report (DP/1994/62/Add.1), the UNOPS Users Advisory Group provides feedback on the quality, effectiveness, and responsiveness of UNOPS services and promotes the dissemination of lessons learned and new approaches developed.

19. The Users Advisory Group provides advice to the Executive Director. The Management Coordination Committee is charged with ensuring that UNOPS gives due consideration to recommendations emanating from the UNOPS Users Advisory Group. The Executive Director will summarize relevant findings and/or recommendations of the Users Advisory Group in his regular reports to the Executive Board.

VI. EXECUTIVE BOARD ACTION

20. The Executive Board may wish to:

(a) Take note of the present report;

(b) Recognize that the objective and scope of UNOPS are in line with legislation previously adopted; and

(c) Express satisfaction with the provisions in the present report pertaining to the role and function of the Management Coordination Committee and of the Users Advisory Group vis-à-vis the Executive Board.

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OFFICE FOR PROJECT SERVICES

Financial regulations governing the operations of UNOPS

Report of the Administrator and of the Executive Director

I. INTRODUCTION

1. At its third session 1994, the Executive Board was presented with documents DP/1994/62/Add.2 (Proposed annex to UNDP Financial Regulations and Rules to govern activities of the United Nations Office for Project Services (UNOPS)) and, subsequently, DP/1994/CRP.11 (English only) (the Legal Counsel's revised text of the Financial Regulations for UNOPS, closely based on DP/1994/62/Add.2).

2. The present report is submitted to the Executive Board pursuant to paragraph 8 of Executive Board decision 94/32, wherein the Executive Board decided to review proposed Financial Regulations for UNOPS at its first regular session in 1995. The proposed Financial Regulations contained in Addendum 1 to the present document are primarily based on DP/1994/CRP.11, to which a few changes have been made to respond, in particular, to paragraphs 1, 2, 3, 4 and 6 of Board Decision 94/32 as well as to ensure consistency throughout the document and further enhance clarity. The Administrator and the Executive Director are pleased to inform the Board that the Financial Regulations proposed herewith have been endorsed by the Legal Counsel and by the Management Coordination Committee. The Executive Board is therefore requested to approve the proposed Financial Regulations contained in DP/1995/7/Add.1. In addition, as explained in more detail below, the Executive Board is also requested to decide on the level at which the operational reserve shall be established.

3. The proposed Financial Regulations for UNOPS shall be an annex to the United Nations Development Programme Financial Regulations; however, they are presented in document DP/1995/7/Add.1 as a self-contained format that provides greater usability.

II. KEY PROVISIONS OF THE PROPOSED REGULATIONS

4. Following is a summary of the key provisions of those proposed regulations that have been reformulated in response to decision 94/32.

(a) Accountability. The Executive Director shall be accountable to the Executive Board and the Secretary-General for UNOPS activities and shall report to the Executive Board through the Management Coordination Committee, which shall provide operational guidance and exercise management direction over the functioning of UNOPS (proposed Regulation 3.1);

(b) Financial periods. Regulations concerning the period for project budgets have been added for clarity and completeness (proposed Regulations 4.2 and 4.3);

(c) UNOPS activities. UNOPS shall undertake its activities under policies set by the Executive Board (proposed Regulation 5.1), shall enter into written arrangements to undertake those activities (proposed Regulation 5.3), and shall provide services within the framework of a project document (proposed Regulation 5.4).

5. Bearing in mind the self-financing principle as well as observations made by the Board at its third regular session 1994 on the subject of the UNOPS Account and the proposed operational reserve, the Administrator and the Executive Director are presenting below additional details on these matters:

(a) Self-financing mechanisms. UNOPS shall be a self-financing entity that must rely solely on income it earns in order to cover its operational costs. To support this principle, all income earned by UNOPS shall remain in the UNOPS Account (proposed Regulation 5.2), and mechanisms such as an operational reserve (proposed Regulation 8.3) and working capital (proposed Regulation 8.5) have been included;

(i) The accumulated unspent income that has accrued to UNOPS through 31 December 1994 (approximately $9 million) shall be transferred into the UNOPS Account on 1 January 1995;

(ii) From that amount, OPS proposes that the operational reserve be established (proposed Regulation 8.3) with an initial level set at 20 per cent of the annual UNOPS administrative budget, rounded to the nearest hundred thousand dollars. This is the same principle approved by the former Governing Council for the establishment of the UNDP operational reserve. For 1995, the amount of the reserve shall be $6.8 million. This would cover potential shortfalls in income or cash flow difficulties. As was indicated in document DP/1994/62, UNOPS shall undertake a study of potential risks and liabilities so as to determine the need for any changes to the level of this reserve;

(iii) The balance of unspent income shall be deemed "working capital" (proposed Regulation 8.5) and utilized by UNOPS through the normal budget process requiring Executive Board approval. The initial amount of working capital shall be approximately $2.2 million.

6. Financial Rules for UNOPS. Subject to confirmation from the Administrator that there are no conflicts with the applicable UNDP Financial Regulations, for which he is responsible and accountable, the Executive Director shall, in consultation with the Management Coordination Committee, establish Financial Rules for UNOPS (proposed Regulation 10.1). Upon approval of the proposed Financial Regulations for UNOPS, the Executive Director will be in a position to circulate to the Executive Board the corresponding proposed Financial Rules.

III. RECOMMENDATIONS

7. The Executive Board may therefore wish to:

(a) Take note of the present report;

(b) Approve the text of Financial Regulations that are contained in document DP/1995/7/Add.1; and

(c) Decide that the UNOPS operational reserve shall be established at a level equal to 20 per cent of the annual UNOPS administrative budget, rounded to the nearest hundred thousand dollars.

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Report of the Administrator and of the Executive Director

Addendum

PROPOSED ANNEX TO THE FINANCIAL REGULATIONS AND RULES OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

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PROPOSED ANNEX TO THE FINANCIAL REGULATIONS AND RULES
OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

UNOPS FINANCIAL REGULATIONS

A. Applicability

Article I. APPLICABILITY

Regulation 1.1: These Regulations are made in accordance with General Assembly decision A/48/501 and ... and Executive Board decisions 95/-, 94/32 and 94/12, and shall govern the financial management of the United Nations Office for Project Services (UNOPS) unless otherwise provided by the General Assembly or the Executive Board. These Regulations shall be interpreted and applied together with the United Nations Development Programme Financial Regulations, having regard to the nature and scope of UNOPS activities.

Regulation 1.2: Amendments and exceptions to these Regulations may be made only by the Executive Board.

Regulation 1.3: These Regulations shall become effective on _____.

Regulation 1.4: In regard to any matter not specifically covered by these Regulations, the appropriate provisions of the United Nations Development Programme Financial Regulations shall, mutatis mutandis, apply.

B. Definitions

Article II. DEFINITIONS

Regulation 2.1: For the purpose of the Financial Regulations of UNOPS, the following definitions of the main entities involved in the activities of UNOPS shall apply:

(a) "UNOPS" shall mean the United Nations Office for Project Services, as established pursuant to General Assembly decision A/48/501 and ... and Executive Board decisions 95/-, 94/32 and 94/12;

(b) "Management Coordination Committee" shall mean the Committee established by the Secretary-General pursuant to Executive Board decision 94/32;

(c) "Executive Director" shall mean the Executive Director of UNOPS;

(d) "Funding Source" shall mean any entity, which may be an organization of the United Nations system, or, acting through an organization of the United Nations system, an International Financial Institution, a recipient Government, a donor Government, or a non-governmental organization, which provides financial resources for development assistance, for which UNOPS provides services.

Regulation 2.2: For the purposes of the Financial Regulations of UNOPS, the following definitions in respect of specific terms used shall apply:

(a) "biennial budget" shall mean the budget to cover operational costs of UNOPS;

(b) "disbursement" shall mean the actual amount paid;

(c) "expenditure" shall mean total charges incurred whether paid or unpaid, i.e., the sum of disbursements and unliquidated obligations for the current year in respect of projects and for the biennium in respect of the biennial budget;

(d) "fee" shall mean the sum payable to UNOPS for services rendered in the context of agreements or other instruments covering management and other support services. It shall include all costs associated with the development, negotiation, conclusion and implementation of such agreements;

(e) "funds received" shall mean:

(i) for projects financed from UNDP funds, the signed project document or advance authorization;

(ii) for projects financed from non-UNDP funds administered by UNDP, cash received or a recognized blanket withdrawal authorization or letter of credit from a funding source; or

(iii) for projects financed from other funds, cash received or other arrangements that may be agreed;

(f) "obligation" shall mean an engagement involving a liability against the resources of the current year and future years in respect of project activities and the current biennium in respect of the biennial budget;

(g) "operational costs" shall mean the costs against the UNOPS account of UNOPS activities for the provision of management, technical, administrative, financial and logistical support;

(h) "project" shall mean any separately identified development undertaking of one or more Governments and assisted by a Funding Source;

(i) "project document" shall mean the formal document, covering the agreed written arrangements for the undertaking of the project, including, inter alia, the project activities, the project budget and UNOPS income. This term, where appropriate, shall also include agreements or other instruments covering management or other support services;

(j) "resources entrusted to the charge of UNOPS" shall mean all resources for which UNOPS is responsible by virtue of its acceptance to provide services;

(k) "services" shall include comprehensive project management, the implementation of components of programmes and projects under execution by other organizations of the United Nations system or by national institutions, the provision of management and other support services for multilateral, bilateral

and recipient government-financed projects, and the loan administration and project supervision on behalf of international financial institutions;

(l) "support costs" shall mean the expenses incurred by UNOPS as a result of its implementation of projects funded either by UNDP or other United Nations organizations that apply a common reimbursement regime for such implementation services;

(m) "UNOPS account" shall mean the account established for the purposes of accounting for all income to UNOPS and all expenditures made by UNOPS against that income;

(n) "UNOPS activities" shall mean undertakings by UNOPS, either in the form of services funded by projects or in the form of transactions funded from the UNOPS account;

(o) "UNOPS income" shall mean the earnings of UNOPS for its services, and shall include:

(i) support costs earned;

(ii) fees earned under management or other support services agreements; and

(iii) interest earned thereon.

C. ACCOUNTABILITY

Article III. ACCOUNTABILITY

Regulation 3.1: The Executive Director is accountable for UNOPS activities to the Executive Board and to the Secretary-General, and shall report to the Executive Board through the Management Coordination Committee, which shall provide operational guidance and exercise management direction.

D. FINANCIAL PERIODS

Article IV. FINANCIAL PERIODS

Period for the biennial budget

Regulation 4.1: The financial period for the purpose of both proposed utilization of resources and the incurring of and accounting for expenditures in respect of the biennial budget shall consist of two consecutive calendar years (hereinafter referred to as biennium), the first of which shall be an even year.

Period for project budgets

Regulation 4.2: To provide for continuity in the programming and implementation of United Nations assistance to projects, the financial period for the purpose of the proposed utilization of resources entrusted to the charge of UNOPS and of

entering into obligations in such respect shall be the duration of each project as defined in the project document.

Regulation 4.3: The financial period for the purpose of incurring and accounting for expenditures in respect of projects shall consist of a single calendar year.

Article V. UNOPS ACTIVITIES

Regulation 5.1: Policies set by the Executive Board shall determine the nature and scope of UNOPS activities.

Regulation 5.2: As a self-financing entity, UNOPS shall rely exclusively on income earned in order to meet its operational costs. All UNOPS income shall remain in the UNOPS account, in accordance with these Regulations, to cover the UNOPS biennial budget, any reserve, and working capital.

Regulation 5.3: UNOPS may enter into such written arrangements as are necessary to undertake UNOPS activities.

Regulation 5.4: UNOPS services shall be provided within the framework of a project document.

Regulation 5.5: UNOPS shall ensure that all expenditures for foreseen project activities do not exceed funds received.

Article VI. BIENNIAL BUDGET

Proposed biennial budget

Regulation 6.1: The proposed biennial budget shall cover operational costs. It shall be prepared by the Executive Director and shall be related to the plan submitted for the current planning period or, should the biennium span more than one planning period, the current and the following period.

Regulation 6.2: The biennial budget shall cover proposed expenditures and anticipated income related to the biennium and shall be presented in United States dollars.

Regulation 6.3: In the second year of a biennium, the proposed UNOPS biennial budget for the following biennium shall be submitted to the Executive Board through the Management Coordination Committee. This proposed biennial budget shall be transmitted to all Members of the Executive Board at least six weeks prior to the opening of that session of the Board.

Regulation 6.4: The proposed biennial budget shall also be transmitted to the Advisory Committee for examination at the same time as it is transmitted to Members of the Executive Board under Regulation 6.3 above.

Regulation 6.5: The Advisory Committee is requested to prepare a report to the Executive Board on the proposed biennial budget. This report shall be transmitted to all Members of the Executive Board as soon as it is available.

Regulation 6.6: The Executive Board shall, in the second year of a biennium, adopt the biennial budget for the following biennium.

Supplementary biennial budget proposals

Regulation 6.7: Supplementary proposals to amend the biennial budget may be submitted whenever necessary.

Regulation 6.8: The Executive Director shall prepare supplementary proposals to amend the biennial budget in a form consistent with the approved biennial budget. Such supplementary proposals shall be submitted to the Executive Board through the Management Coordination Committee. They shall also be submitted to the Advisory Committee, which is requested to review them and report thereon to the Executive Board.

Article VII. APPROPRIATIONS FOR THE BIENNIAL BUDGET

Regulation 7.1: Appropriations for the biennial budget approved by the Executive Board shall, subject to the availability of UNOPS income, constitute an authorization to the Executive Director to incur obligations and to make payments for the purposes for which the appropriations were approved and up to the amounts so approved.

Regulation 7.2: Appropriations for the biennial budget shall be available for obligation during the biennium to which they relate.

Regulation 7.3: Appropriations shall remain available for 12 months following the end of the biennium to which they relate to the extent that they are required to discharge any outstanding legal obligation of the biennium.

Regulation 7.4: At the end of the 12-month period provided in Regulation 7.3 above, the then remaining balance of any appropriations retained will revert to the UNOPS account. Any unliquidated obligations of the biennium in question shall at that time be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.

Regulation 7.5: Within the limits established by the Executive Board, the Executive Director shall have the authority to incur unforeseen personnel and related administrative expenditures against unspent and/or projected income, subject to ex post facto approval of such actions by the Executive Board.

E. ADMINISTRATION OF RESOURCES

Article VIII. THE UNOPS ACCOUNT AND OTHER ACCOUNTS

Regulation 8.1: There shall be established a UNOPS account, as required by UNOPS activities, to which all of the income to UNOPS derived from its services shall be credited and against which all operational costs of UNOPS shall be charged.

Regulation 8.2: There shall be established separate special accounts, as required by UNOPS activities, for identification, administration and management of resources entrusted to the charge of UNOPS by a Funding Source. The administration of such funds shall be carried out in accordance with these Regulations, and the terms of the written arrangements concluded for this purpose.

Regulation 8.3:

(a) Within the UNOPS account, an operational reserve shall be established at a level set by the Executive Board. The elements to be compensated for and covered by it shall be limited to:

(i) shortfalls in income;

(ii) uneven cash flows;

(iii) professional or contractual liabilities associated with UNOPS services; and

(iv) liabilities associated with UNOPS personnel contracts financed from the UNOPS account.

The decision to make a drawdown from the operational reserve shall rest solely with the Executive Director, who will report through the Management Coordination Committee all drawdowns to the Executive Board at its next regular session and between sessions, to Members of the Executive Board as may be prescribed by the Board or whenever the situation in the Executive Director's opinion so merits.

(b) Other reserves shall be established as approved by the Executive Board.

Regulation 8.4: Separate accounts shall be maintained for all reserves within the UNOPS account.

Regulation 8.5: Working capital shall be provided from the cash resources in the UNOPS account that are not part of a UNOPS reserve. Such working capital shall be utilized by UNOPS in accordance with the provisions of Articles VI and VII of these Regulations.

Article IX. MANAGEMENT OF FUNDS

Regulation 9.1: The Secretary-General shall act as custodian of UNOPS income and resources entrusted to the charge of UNOPS and shall designate the bank or banks in which such income and resources shall be kept.

Regulation 9.2: The Secretary-General may delegate to the Administrator of UNDP such authority with respect to custody of funds as would facilitate the efficient and effective management of UNOPS income as well as resources entrusted to the charge of UNOPS, and such delegated authority may be accepted by the Administrator of UNDP in writing.

Article X. INTERNAL CONTROL

Regulation 10.1: Subject to confirmation by the Administrator of UNDP that there are no conflicts with applicable UNDP Financial Regulations, to which these Regulations are an annex, the Executive Director may, in consultation with the Management Coordination Committee, establish detailed financial rules for UNOPS to ensure effective financial administration and the exercise of economy, and circulate the financial rules to Members of the Executive Board for information at least 30 days before they become effective. The Executive Director may establish procedures consistent with these Regulations for implementation of such financial rules.

Regulation 10.2: The Executive Director shall:

(a) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payments have not previously been made;

(b) Designate the officers who may receive moneys, incur obligations and make payments on behalf of UNOPS;

(c) Maintain an internal financial control which shall provide for an effective current examination and review of financial, management and operational activities, in order to ensure:

(i) the regularity of the receipt, custody and disposal of UNOPS income, as well as resources entrusted to the charge of UNOPS;

(ii) the conformity of obligations and disbursements with the appropriations, allocations or other financial provisions decided upon by the Executive Board or with agreements with other United Nations organizations and other entities;

(iii) the effective and efficient management of UNOPS and the effective, efficient and economic use of UNOPS income, as well as of the resources entrusted to the charge of UNOPS.

Regulation 10.3: The Executive Director may make such ex gratia payments not exceeding $40,000 as he deems to be necessary in the interest of UNOPS, provided that a statement of such payments shall be submitted to the Executive Board with the accounts.

Regulation 10.4: The Executive Director may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Board of Auditors with the accounts. The Executive Director may establish, from time to time, an amount below which full investigation and formal write-off are not required. Such amounts shall, for administrative efficiency, be charged directly to the relevant allotment/budget line.

Regulation 10.5: In conformity with decisions taken by the General Assembly, in particular in resolution 2688 (XXV), annex, paragraphs 41, 42 and 44, and resolution 3405 (XXX), annex, and guidelines issued by the Executive Board, the Executive Director shall be responsible for the purchasing of equipment and supplies and the contracting of services where budgetary provision has been made in the biennial budget and in the budgets of projects for which UNOPS provides services.

Article XI. THE ACCOUNTS

Regulation 11.1: The Executive Director shall submit accounts biennially in respect of the UNOPS account and in respect of resources entrusted to the charge of UNOPS, in accordance with United Nations system accounting standards. The Executive Director shall also give such other information as may be appropriate to indicate the current financial position and shall maintain such accounts and records as are necessary to report to the Executive Board and the General Assembly on the financial status of UNOPS.

Regulation 11.2: The accounts shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as may be deemed necessary.

Regulation 11.3: The accounts shall be submitted by the Executive Director, not later than 15 April of the year following the end of each biennium, to the United Nations Board of Auditors for examination and opinion.

F. EXTERNAL AUDIT

Article XII. EXTERNAL AUDIT

Regulation 12.1: The External Audit provisions of Article XVII of the Financial Regulations of the United Nations Development Programme shall, mutatis mutandis, apply to UNOPS.